Workstream:

Performance Management

Talent Management Team

High Level Approach

Performance Management Review Process

Presentation to Leadership Team

September 18, 2007

Objective

- Revamp performance management process to better achieve department goals (in support of transformation effort)
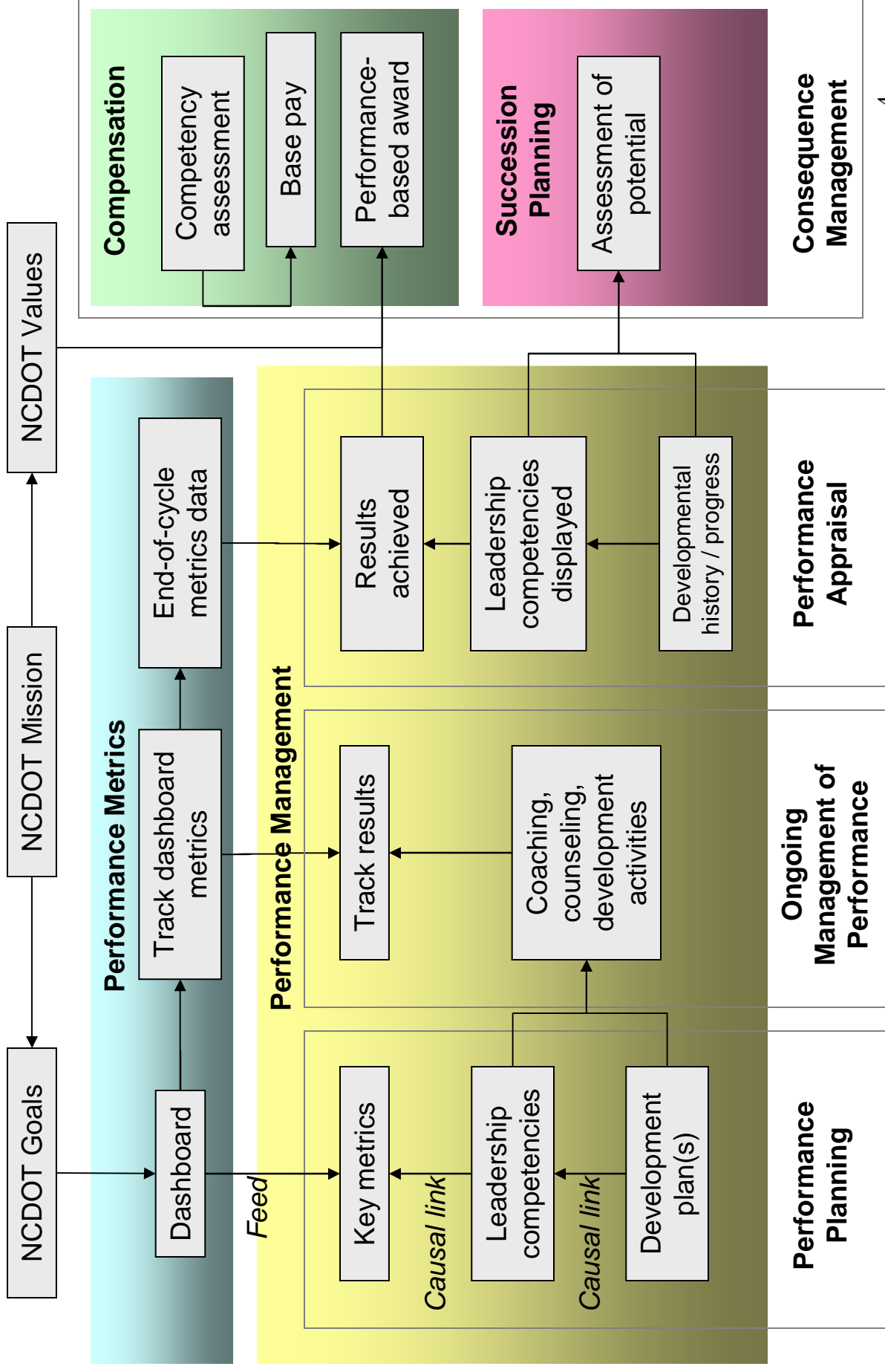
- Develop pilot for top 100+ positions

Performance management

- More than just "doing appraisals"

- A core management function – orchestrating talent and directing the work to deliver results required to achieve NCDOT goals

- Results based approach

Deliverables

- **Initially** - January, 2008 for top 100+:

    – Define process - results based approach

    – Develop forms/tools

    – Communicate new process to users

    – Implement pilot program (with preliminary metrics)

- **Ultimately** - by October, 2008 roll out for entire organization:

    – Define multiple processes for different job clusters

    – Develop forms/tools

    – Develop Implementation plan (including training plan and resources)

    – Kick off implementation (with metrics)

Performance Management Process Model for Top 100+

Compensation
- Competency assessment
- Base pay
- Performance-based award

Succession Planning
- Assessment of potential

Consequence Management

NCDOT Values

NCDOT Mission

NCDOT Goals

Performance Metrics
- Track dashboard metrics
- End-of-cycle metrics data
- Dashboard

Performance Management

Performance Appraisal
- Results achieved
- Leadership competencies displayed
- Developmental history / progress

Ongoing Management of Performance
- Track results
- Coaching, counseling, development activities

Performance Planning
- Key metrics
- Leadership competencies
- Development plan(s)

Feed

Causal link

Causal link

4

Example: Work Plan and Appraisal Form

Owner: **R Employee** | April 1, 2008 - March 31, 2009 | Position: **Division Engineer**

Performance Metrics			Quarterly Progress				Year End	
Measure	Goal	Weight	I	II	III	IV	Result	Rating
1. % of projects managed / administered by Division constructed on schedule and on budget (year to date)	75 to 85	20%	70%	73%	77%	80%	80%	ME
2. # of issues identified per Work Zone Safety Audit report (quarterly totals)	5 to 3	15%	0	1	0	1	2	EE
3. Maintenance condition survey score (quarterly scores; year end result is final quarter score)	70 to 85	15%	83	95	87	92	92	EE
4. Bridge condition survey score (semi-annual scores; year end is final semi-annual score)	80 to 90	10%	X	70	X	78	78	DNME
5. Avg operating speed in mph on portions of Strategic Highway Corridor that run through Division (semi-annual scores; year end result is final semi-annual score)	45 to 50	10%	43	X	53	X	53	EE
6. Miles paved per dollar spent on paving (year to date)	0.003 to 0.005	10%	0.0053	0.0055	0.0054	0.0055	0.0055	EE
7. Employee satisfaction survey composite score (annual survey)	70 to 80	10%	X	X	60	X	60	DNME
8. MCAP Construction Quality Index (annual assessment)	85 to 90	5%	X	87	X	X	87	EE
9. Avg # of minutes from incident to all lanes open (year to date)	30 to 20	5%	18.5	18.2	17.9	18.1	18.1	EE
Metrics Overall Weighted Rating		100%						**2.40**

Overall Wgt'd Rating
>2.7 = EE
2.0-2.7 =ME
<2.0 =DNME

Rating key:
EE = exceeds expectations
ME = meets expectations
DNME = does not meet expectations

Example: Work Plan and Appraisal Form (page 2)

Rating key:
EE = exceeds expectations
ME = meets expectations
DNME = does not meet expectations

Overall Wgt'd Rating
>2.7 = EE
2.0-2.7 =ME
<2.0 =DNME

Metrics Overall Weighted Rating:	2.40	
NCDOT Values	**Yes/No**	**Comments (required if "No")**
Safety - We are committed to performing our work safely in order to protect the public and ourselves.	Yes	
Customer Service - We will respond to our customers' needs in a timely and courteous manner.	Yes	
Efficiency - We will achieve results without waste.	Yes	
Integrity - We guard the public trust and adhere to a standard of honesty. We hold to high ethical and moral standards in our business practices.	Yes	Opens every staff meeting with a brief review of ethical standards and discussion of a hypothetical case.
Growth and Development - We promote professional development and growth of our people with a goal of empowering employees with knowledge and resources to produce resutls.	Yes	
Quality - We aspire to achieve the highest level of excellence in delivering our programs and services.	Yes	
Performance Overall Rating:	**ME**	

Example: Work Plan and Appraisal Form (page 3)

April 1, 2008 - March 31, 2009				
Owner: **R Employee**				Position: **Division Engineer**

Key:
S = Strength
DN = Development Need

Behavioral Expectations

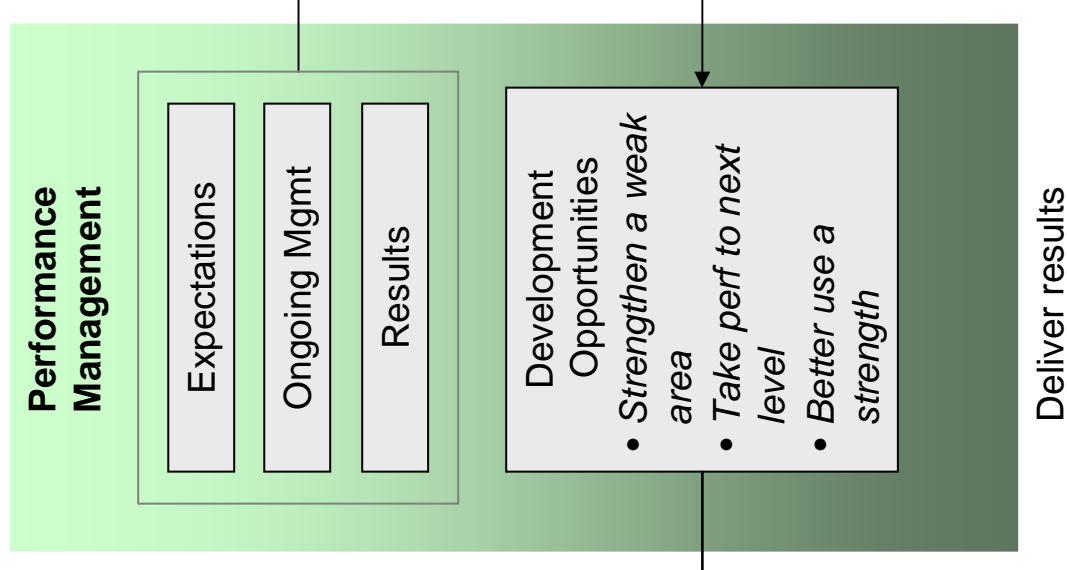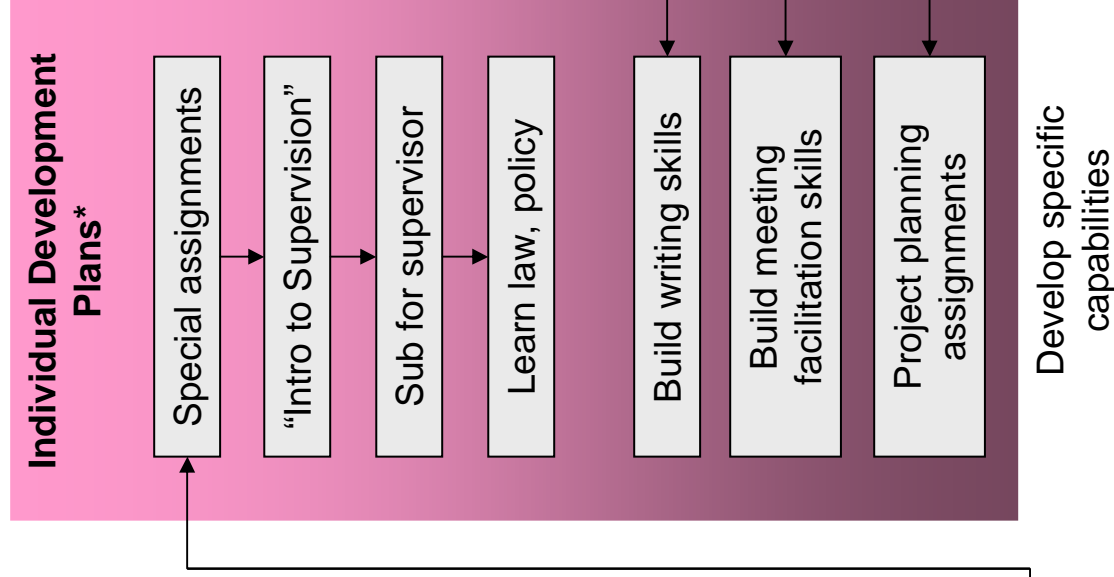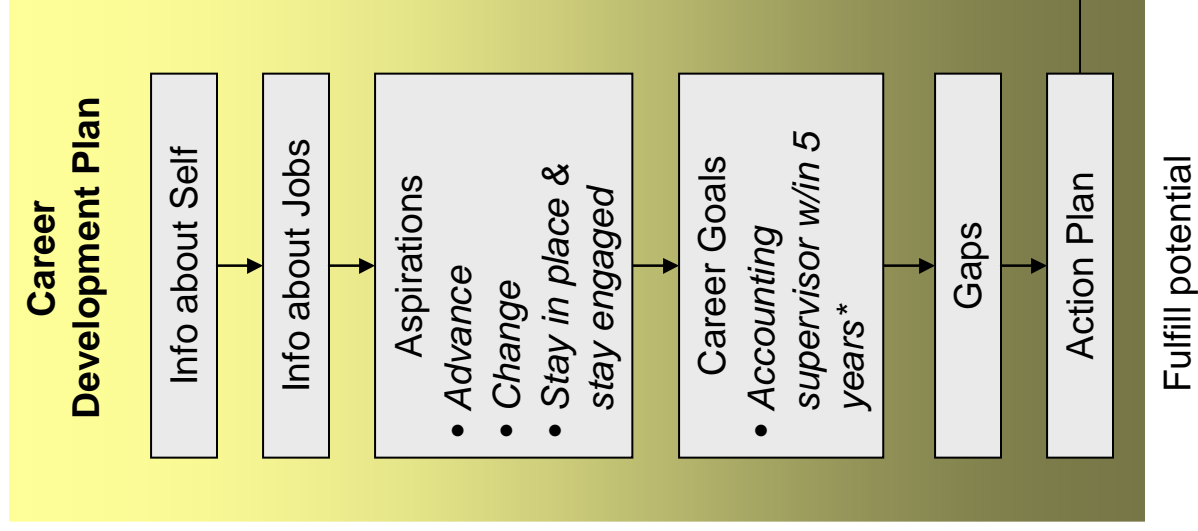| Competency	Indicators	Appraisal S	Appraisal DN	Notes
Integrity / Honesty	Models and encourages high standards of honesty and integrity.			
	Promotes ethical practices in all organizational activities.	X		Opens staff meetings with discussion of case involving ethics. This idea now being tried out by other Div Engineers.
	Applies department / office policies in a consistent manner.			
	Demonstrates consistency between words and actions.			
	Exercises power, authority, and influence appropriately to achieve department / office goals.			
Accountability	Takes personal responsibility for work products and services of his/her group.			
	Assures that his/her workgroups results are measured.			
	Tracks results of programs or activities and takes corrective action when necessary.			
	Encourages subordinates to take responsibility for work products and services			
Problem Solving	Recognizes and defines problems and issues.	X		Excellent at catching problems in early stages. Examples: US 1 shoulder deterioration, dissatisfaction of homeowners on test corridor.
	Gathers enough relevant data about problems and issues to conduct a complete analysis.			
	Uses a variety of methods to analyze and interpret data.			Could work on identifying and trying out creative solutions. Example: Signage on NC 327.
	Generates multiple solutions based on data analysis.		X	
	Recommends appropriate solutions to problems.			

Development Planning

Purpose

- To raise performance level in current job or prepare to take on new role

- Focuses on behavior change, not activity completion

- Emphasizes challenging assignments to develop designated skills

- The plan provides structure and defines support needed (from supervisor, mentor)

Individual Development Plan (IDP):

- Weakness identified at beginning, during or end of PM cycle.

- Initiated at beginning, during or end of PM cycle:

  - to strengthen a weak area;

  - to take performance to next level;

  - to better use a strength

- Focuses on developing specific capabilities to enhance the employee's ability to achieve d results

Development Planning

Career Development Plan

Info about Self → Info about Jobs → Aspirations
- Advance
- Change
- Stay in place & stay engaged
→ Career Goals
- Accounting supervisor w/in 5 years*
→ Gaps → Action Plan

Fulfill potential

Individual Development Plans*

Special assignments → "Intro to Supervision" → Sub for supervisor → Learn law, policy

Build writing skills

Build meeting facilitation skills

Project planning assignments

Develop specific capabilities

Performance Management

Expectations

Ongoing Mgmt

Results

Development Opportunities
- Strengthen a weak area
- Take perf to next level
- Better use a strength

Deliver results

* Examples

Development Plan Distinctions

Individual Development Plan (IDP) – Short-term plan written by or for employees who wish to develop their skills in order to take their performance to a higher level in their current job, get ready to take on greater responsibilities, or prepare to move into another position. The plan **focuses on a specific competency** or skill to be enhanced or area of knowledge to be acquired.

Career Development Plan – Long-range plan that identifies **employees' career interests and goals,** in light of organization's needs, and their strategy for acquiring the necessary knowledge, skills, and experience to achieve their goals. The career plan periodically spawns Individual Development Plans for developing specific skills that contribute to their achieving their longer-term goal.

Corrective Action Plan – Drafted by supervisor **for employees whose performance is deficient** – that is, does not come up to standard. It consists of short-term measures an employee can take to raise the level of performance to meet expectations.

Example: Individual Development Plan Form

Employee Name: _____   Date: _____

Supervisor or Development Partner: _____

1. Title

2. Purpose

3. Measures

4. Actions and Due Dates

5. Support

6. Follow up

Next Steps….

- Develop NCDOT values

- Bring in metrics

- Bring in leadership competencies

- Finalize forms/tools

- Document performance management process

- Set rollout schedule

- Communicate to users
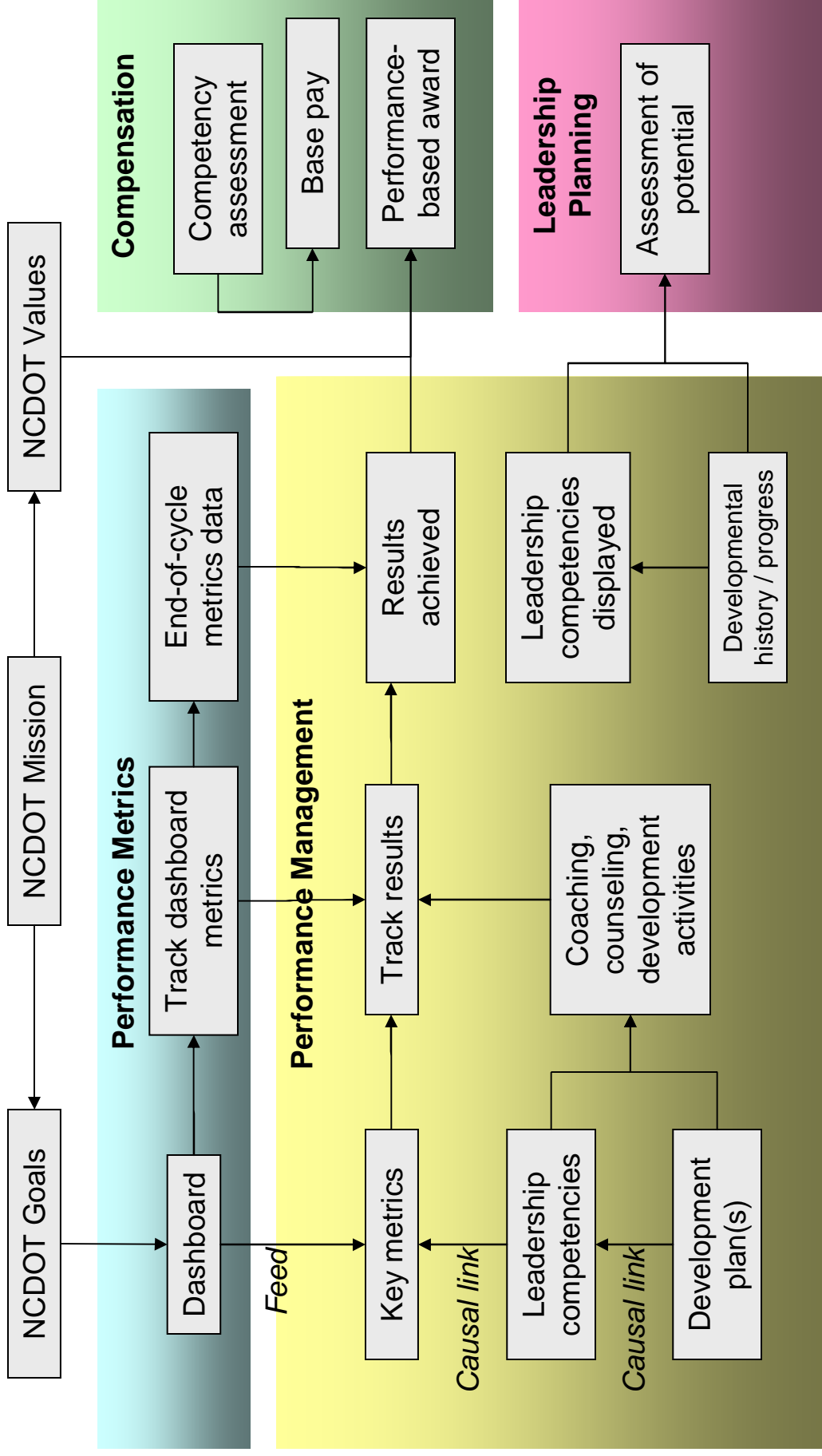
Talent Management Team

Performance Management Review Process

Presentation to Leadership Team

October 23, 2007

Objectives for Today

- Present draft of proposed NCDOT Values

- Present details of the performance review process for

  the January 2008 Pilot Program for leadership positions

NCDOT Performance Management Model for Top 100+

Compensation

- Competency assessment
- Base pay
- Performance-based award

Leadership Planning

- Assessment of potential

NCDOT Values

NCDOT Mission

NCDOT Goals

Performance Metrics

- Track dashboard metrics
- End-of-cycle metrics data

Dashboard

Feed

Performance Management

- Key metrics → Track results → Results achieved
- Leadership competencies → Coaching, counseling, development activities
- Development plan(s)

Causal link

Causal link

- Leadership competencies displayed
- Developmental history / progress

Consequence Management

3

Performance Appraisal & Development Review

Ongoing Management of Performance

Performance Planning

Development of NCDOT Values

Value statements are...

- What an organization stands for and what it believes in
- Behavioral Expectations - the manner in which we conduct our business

Value statements should...

- be connected to organizational achievement and impact
- accomplishments (align with mission and goals)
- inspire employees
- state what is expected
- represent management's philosophy
- serve as a cornerstone for culture-building
- serve as a benchmark for judging organizational actions and individual conduct.
- **guide the employee's behavior and decision-making**

Process to develop NCDOT values…

- Began with about 15 potential values

- Best practice - narrow to 5 - 6 values

- Work group narrowed to 9 values

- Presented to TMT for input

- Presented values to Executive Committee with charge to narrow to 5 - 6

- Final Draft includes 5 values

Draft Value Statements

Safety: A. We strive for safety throughout our transportation networks as well as in our work and our daily lives.

           B. We perform our work safely to protect the public and ourselves.

Customer Service: We respond to our customers, both internal and external, in an open, professional and timely manner.

Integrity: We earn and maintain trust by responsibly managing the state's assets, acting ethically, and holding ourselves accountable for our actions.

Diversity: We draw strength from our differences and work together in a spirit of teamwork and mutual respect.

Quality: We pursue excellence in delivering our projects, programs, services and initiatives in an environmentally sensitive manner.

Review Performance Management

Review Process

(handout)

What we need from you?

- Comments/suggestions for improvements to proposed value statements

- Process for approval and publishing of values

- Comments/suggestions on the new performance review process

- Approval of detailed process

- Establishment of targets for leadership positions in the pilot

Next steps….

- Once approved, include final values in new PM system and

  publish final values on NCDOT web site

- Develop new NCDOT Performance Management Policy

- Develop new policy for dealing with under performance

- Prepare December training materials for Pilot Program (January 2008)

- Identify clusters of employees who will will use alternative

  review process

- Develop alternative process

PERFORMANCE DASHBOARD & APPRAISAL - Individual Contributor

Section A: Performance Metrics

Performance Cycle Date:		Unit/Section:	
Employee's Name:		Supervisor's Name:	
Employee's Classification/Title:		Supervisor's Title:	

NCDOT Goals: (1) Make our transportation network **safer.** (2) Make our transportation network move people and goods **more efficiently.** (3) Make our infrastructure **last longer.** (4) Make our organization a place that **works well.** (5) Make our organization a **great place** to work.

Enter NCDOT Goal (1-5)	Results Expectations			Year End		
	Measure	Target	% Weight	Actual Results	Number Rating *1, 2, 3	Weighted Rating % Weight x No. Rating
			Total % =	100%	Combined Weighted Rating =	

*Number Rating Key:
3 = Exceeds expectations
2 = Meets expectations
1 = Does not meet expectations

Sum of % weights that received a number rating of "1" at year end

Progress Reviews: Supervisor - Enter the dates progress reviews are performed and attach progress review documentation form.

| (1) | (2) | (3) |

Beginning of performance cycle: Signatures indicate supervisor and employee have discussed performance metrics, values and competencies.

| Supervisor's signature: | | Date: |
| Employee's signature: | | Date: |

07/01/08

PERFORMANCE DASHBOARD & APPRAISAL - Individual Contributor

Section B: NCDOT Values

Supervisor's Instructions:
At the end of the performance cycle, check "YES" or "NO" as to whether the employee adhered to each value during the performance cycle. If "NO" is checked, a description of the non-adherence must be provided in the "Supervisor's Comments" column.

Values (Behavioral Expectations)	Adhered to Value?		Supervisor's Comments
	YES	NO	
Safety: We strive for safety throughout our transportation networks as well as in our work and our daily lives.	☐	☐	
Customer Service: We respond to our customers, both internal and external, in an open, professional and timely manner.	☐	☐	
Integrity: We earn and maintain trust by responsibly managing the state's assets, acting ethically, and holding ourselves accountable for our actions.	☐	☐	
Diversity: We draw strength from our differences and work together in a spirit of teamwork and mutual respect.	☐	☐	
Quality: We pursue excellence in delivering our projects, programs, services and initiatives.	☐	☐	

PERFORMANCE DASHBOARD & APPRAISAL - Individual Contributor

Section C: Competencies

Supervisor's Instructions: At the end of the performance cycle, using the rating key shown below, rate each of the 7 competencies as to how effectively the employee demonstrated the competency during the performance cycle. Then, check at least 3 of the 38 behaviors that may be considered as development opportunities for the employee.

Rating key:	1 = Needs Work	2 = Does Well	3 = Role Model	N/O = Not observed	N/A = Not applicable to the role	Check at least 3 Development Opportunities
Rating	Competencies	Behaviors				
☐	**1. Interaction Skills**	1. Listens and shows understanding of what others are saying.				☐
		2. Communicates in a clear, personable and persuasive way.				☐
		3. Speaks up and makes constructive contributions in meetings.				☐
		4. Supports team decisions even if not in total agreement.				☐
		5. Works cooperatively and deals effectively with others to get the job done.				☐
☐	**2. Self-Management**	6. Manages time wisely to ensure the work gets done and deadlines are met.				☐
		7. Performs routine or repetitious tasks with care and attention.				☐
		8. Is effective despite new or unexpected job changes and/or priority changes.				☐
		9. Does not show strong personal feelings while others offer suggestions/comments.				☐
		10. Understands citizens may be frustrated or angry; responds in a courteous, respectful manner.				☐
		11. Presents self in a professional manner.				☐
☐	**3. Planning & Initiative**	12. Sets priorities and focuses on the important things.				☐
		13. Establishes a plan and sees it through.				☐
		14. Does a job without waiting for a supervisor to go over every detail.				☐
		15. Actively seeks solutions to problems before being asked to do so.				☐
		16. Quickly and skillfully organizes information.				☐
☐	**4. Problem Solving & Decision Making**	17. Asks probing questions and listens to all sides when gathering information to solve problems.				☐
		18. Quickly sees the flaws and benefits of a proposed solution or plan.				☐
		19. Follows a systematic approach to uncover the causes of problems.				☐
		20. Considers alternatives and their pros and cons before making a decision.				☐
		21. Reaches a sound conclusion based on best information available.				☐
		22. Gives quick responses when required.				☐
		23. Anticipates how decisions will affect other parts of the organization.				☐
☐	**5. Training & Coaching**	24. Is effective at training others how to perform a job.				☐
		25. Gives constructive feedback to new learners.				☐
		26. When training others, practices active listening to check for understanding.				☐
		27. Shares expertise with others.				☐
☐	**6. Technical & Professional Knowledge**	28. Is an expert in his/her job.				☐
		29. Has solid understanding of the work performed by the business unit.				☐
		30. Makes full use of the technology associated with the job.				☐
		31. In written communication, presents information clearly and concisely.				☐
☐	**7. Leadership Potential**	32. Eagerly takes on challenges.				☐
		33. Effectively gets others involved in contributing to the completion of a task.				☐
		34. Learns new procedures and adapts to priority changes rapidly.				☐
		35. Understands accountability and performance measurement.				☐
		36. Has an accurate view of own strengths and weaknesses.				☐
		37. Expresses a keen interest in taking on supervisory responsibilities.				☐
		38. Applies broad knowledge of how the department works in order to get things done.				☐

Section C (continued)

Supervisor's Instructions:

1. At the end of the performance cycle, provide comments below concerning the employee's development progress during the performance cycle.

2. During the year-end performance appraisal review, discuss with the employee the development opportunities checked. Choose at least one development opportunity to focus on during the next performance cycle, and consider preparing an Individual Development Plan. Development opportunities which are not listed above may be addressed.

PERFORMANCE DASHBOARD & APPRAISAL - Individual Contributor

Section D: Year-End Appraisal

1. **Transfer the sum of % weights that received a number rating of "1" (from Section A):**

   [   ]

   If the sum of % weights is 50% or less, go to step 2.
   If the sum of % weights receiving a rating of "1" exceeds 50%,
   the employee's performance does not meet expectations;
   go to step 4 and check "Does Not Meet Expectations".

2. **Transfer the Combined Weighted Rating (from Section A):**

   [   ]

Weighted Rating Scale:	
1.00 - 1.74	Does Not Meet Expectations
1.75 - 2.74	Meets Expectations
2.75 - 3.00	Exceeds Expectations

   If the combined weighted rating equals "Does Not Meet Expectations,"
   go to Step 4 and check "Does Not Meet Expectations."
   If the combined weighted rating equals "Meets Expectations" or "Exceeds Expectations", go to Step 3

3. **Describe serious non-adherence to NCDOT values during this performance cycle (defined as an active disciplinary action):**

   [   ]

4. **OVERALL PERFORMANCE RATING:** Check the block that reflects the employee's overall performance rating. If there is an active disciplinary action described in Step 3, the rating achieved in Step 2 shall be lowered one level.

   ☐ Does Not Meet Expectations   ☐ Meets Expectations   ☐ Exceeds Expectations

Supervisor's comments concerning the employee's overall performance:

5. **Next Level Supervisor Review:** Signature indicates the next level supervisor has reviewed and agrees with the employee's overall performance rating:

Next Level Supervisor's Signature:		Title:		Date:	

6. **Supervisor and employee signatures:** Signatures indicate the supervisor and employee have discussed the appraisal:

Supervisor's Signature:		Title:		Date:	
Employee's Signature:		Date:			
Employee's Comments:					

Appeal rights: Employees wishing to appeal their overall performance rating of "Does Not Meet Expectations" or "Meets Expectations", must do so in writing to the Human Resources Employee Relations Manager at 1519 Mail Service Center, Raleigh, 27699-1519, within 15 calendar days of the date the employee signs this appraisal, as outlined in the Department's Performance Pay Dispute Resolution Procedures. No action will be taken on the appeal of a "Meets Expectations" unless there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations."

January 29, 2008

MEMORANDUM TO: NCDOT Top Leadership

FROM: Lyndo Tippett

SUBJECT: Results Based Performance Management

Thank you for attending the Results Based Performance Management Training for Leadership on December 18, 2007. This training focused on new procedures designed for managers/supervisory personnel to provide clear direction, management accountability and a method for evaluating and developing employees. These processes include business unit action planning, developing metrics, and a new performance management system called the Performance Dashboard & Appraisal (PDA). These processes align with our transition to a new performance culture at NCDOT. Your direct reports who serve in leadership positions will soon be asked to attend the Results-Based Performance Management Training.

I expect you, as leaders of this organization, to commit the time and effort necessary to implement these processes within your business unit. To ensure there is a clear understanding of what is expected of you over the next several months, I am providing the following information:

- A list of the top 150 leadership positions.
- A summary of key dates/items to remember regarding Action Plan and PDA implementation.
- A flowchart showing the relationships between action plans, metrics and PDA's.

I am asking each of you to help make NCDOT "a great place to work" and "a place that works well" by supporting these new performance management processes and communicating them to the employees in your individual business unit.

Thank you for your support and cooperation.

LT
Attachments

Action Plans:
- As instructed at the December training, you have been working on developing your Business Unit Action Plan. To assist in this effort, Joey Hopkins and Missy Dickens have provided some individualized training for many of you and your direct reports. If you have not yet submitted your action plan, please contact Joey or Missy via email.
- Your new action plan will officially begin July 1, 2008

Results-Based Performance Management

January 1, 2008 – March 31, 2008:
You (the top 40 leadership positions) are participating in a three-month pilot PDA program which began January 1, 2008 and will end March 31, 2008. You received a copy of your PDA at the December training. The purpose of the pilot program is to test the new process. This means validating your metrics to ensure you are being measured on the "right things", validating the targets to make sure they are reasonable and achievable (not too high, but not too low), and validating the weights assigned to each metric. As part of this pilot, you are expected to do the following:
- Meet with your supervisor to review your metrics, targets and weights and make adjustments if needed.
- Meet with your supervisor to discuss how the results achieved will be measured. (What data/reports are available for tracking/measuring the results; what is needed, etc.)
- When the pilot program ends on March 31, 2008, your supervisor will conduct a performance appraisal. During this appraisal, your supervisor will:
  - Complete Section A filling in the actual results for each metric and computing the weighted ratings for each metric. (If you have a metrics that the "actual results" cannot be captured due to lack of available results, an overall rating would not be computed.)
  - Complete Section B, noting any incidents of non-adherence to the values.
  - Complete Section C rating each competency statement as to the level you demonstrated the skill during the three-month period. From this list, your supervisor will select a total of three possible development opportunities.
  - Complete Section D (Year-end Appraisal & Development Review) noting an overall performance rating.
  - Your supervisor will not be able to complete Section D if "actual results" are not available for all of your metrics in Section A of the PDA form. Remember, this is a pilot program, and it is not critical that an overall performance rating be derived. However, **it is critical** that you and your supervisor go through this process to validate the metrics, targets and weights and identify or develop the data/reporting needed in order to measure the results achieved in the next performance cycle.

March 2008:
Results-based Performance Management Training will be held for the leadership positions on the attached list. (This is the same training the top 40 received December 18, 2007.) Invitations to this training will be sent to these managers within the next two weeks.

April 1, 2008 – March 31, 2009:
Only the top 150 leadership positions will begin the new performance cycle on April 1 using the new PDA process.

As one of the top 40 leadership positions that participated in the pilot program, your supervisor will need to initiate a new PDA for you that should reflect any necessary changes made to the metrics, targets and weights during the pilot. You and your supervisor will meet to go through the "performance planning" stage of the PDA process. You were provided these process instructions at the December 18 training.

The Metrics Team will assist you in developing the metrics to be included on the PDA's for those leadership positions on the attached list. The metrics for your direct reports will be driven by your metrics. We anticipate being able to provide each of these leaders a draft PDA when they attend the training.

All remaining NCDOT employees:

All remaining employees will begin the new performance cycle on April 1, 2008 using the **existing** performance management system. The schedule for all remaining NCDOT employees to convert to a new PDA process has not yet been determined. Further instruction will be provided regarding converting the remaining NCDOT employees to the new system.

Contact information for assistance:

Action Plans -	Joey Hopkins (jhopkins@dot.state.nc.us)
	Missy Dickens (mdickens@dot.state.nc.us)
Developing Metrics -	Victor Barbour (vbarbour@dot.state.nc.us)
	Ron Allen (rallen@dot.state.nc.us)
	Ken Pace (kpace@dot.state.nc.us)
	Erin Meister (emesiter@dot.state.nc.us)
PDA Process/Forms -	Teresa Pergerson (tpergerson@dot.state.nc.us)

FREQUENTLY ASKED QUESTIONS
Related to the Performance Dashboard & Appraisal

1.   There will be a new administration soon, and they could change everything TMT is doing, so why are we bothering to do this now?

        We don't know what the next administration may do. However, we do know that the general feeling of the public and legislature is that NCDOT needs to improve. Our current NCDOT leadership has chosen to take action and put in place measures to improve ourselves. We must follow the guidance and instruction of our current administration. If a new administration comes in and sees that we are on the right course and we are making great progress, why would they want to change that?

2.   Why should we care about a new performance management system, there is no money anyway?

        Performance management is not about money. It is about managing and monitoring employee performance. The new performance management system provides the Department and the employee with a system that empowers the employee to manage toward clear performance expectations (metrics) and focus on the outcomes of his/her work. It demonstrates how the employee's efforts link with NCDOT's new Mission and Goals. We believe that successful implementation of this system will eventually lead to NCDOT being able to reward performance that exceeds expectations.

3.   We've tried measuring ourselves before and it didn't work, how is this going to be any different?

        This effort will be different in several ways. First, we set performance metrics for the organization as a whole as it relates to our Mission and Goals. These metrics will be shown on our public facing dashboard so that we and our customers can see how we are doing. Then the metrics shown on the dashboard will be cascaded to business unit activities. Then Business Units will assign individual employee performance metrics. This will enable all of us to see how the daily tasks we are assigned directly relate to the overall mission and goals of the Department and how what we do individually affects the overall performance of the Department.

4.   Can I grieve (dispute) my performance rating?

        Yes. An employee who receives an overall performance rating of "Does Not Meet Expectations" or "Meets Expectations" should first discuss the rating with their supervisor. If the employee is still not satisfied, he/she may file a notice of

appeal as described in the new Performance Pay Dispute Resolution Procedures. Those employees that received an overall performance rating of "Meets Expectations" will nave no action taken on their appeal unless there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations". At this time, the new procedures will cover the top 150 leadership positions that began using the new PDA on April 1, 2008. The new policy will be distributed to all employees prior to department-wide implementation on April 1, 2009.

5. Why don't we have dimensions anymore which allowed an employee to receive credit for effort, initiative or innovation?

The dimensions in our old system defined the skills that were believed to be needed to effectively carry out the responsibilities of a position and to produce the required results. In the old system, our overall performance rating was based on both how well we exhibited these skills and how well we delivered the expected results. In our new PDA system, results are what count. Competencies (or dimensions) are the skills that we bring to work that enable us to achieve those results. Because it's the results that count, we are evaluated based on the results we achieve, not on the competencies we bring to the job.

In the new system, we still have dimensions, but they are used differently. (You'll find them in Section C of the PDA. Depending on your position, they are called Leadership Competencies, Supervisory Competencies, or Individual Contributor Competencies.) We do not use them to evaluate performance. Instead, we use them to help identify ways we can become more effective at delivering results. If we develop the right competencies and apply them appropriately to our work, we will produce better results, and this will show up in our evaluation.

Here are some illustrations of why results take precedence over dimensions in the new PDA system:

- Suppose you supervise an employee whose job is to deliver a service in ten minutes with a 90% customer satisfaction rating. If it took the employee 20 minutes and customers were routinely upset with the service, you would agree that the employee was not meeting results expectations. If they were trying really hard (hustling, sweating, huffing and puffing) but got the same results, would you rate their performance any higher? If they had three certificates from customer service training classes but got the same results, would you rate their performance any higher? If they had great communication skills but got the same results, would you rate their performance any higher? They would still be failing to meet performance expectations!

- If you were the customer (a citizen, which we all are) and you received rude and demeaning service at the local DMV office, or the highway you take to your place of work develops potholes two months after resurfacing, etc., would you be more likely to accept those levels of performance if you knew that NCDOT employees had worked really hard, or had PE certificates on

their office walls, or had completed the Certified Public Managers Program, or were rated "outstanding" on performance stability? Not likely!

In short: Performance is about results. Competencies are the skills you use to get those results. You develop competencies so that you can better produce results.

6. Why can you get penalized for non-adherence to values but not rewarded for exemplary adherence to values?

Values are an organization's strongly held convictions about what it stands for and what it believes in. NCDOT's values are expressed as behavioral expectations. They are more than just suggestions about how employees might want to conduct themselves on the job. They describe the kinds of behaviors that make up the desired culture of the Department. So when employees don't adhere to them, it is a serious matter. It makes sense then to penalize employees who don't adhere to the values by reducing their overall performance rating.

But it doesn't work the other way. You cannot boost employees' performance ratings if the employees happen to be living exemplars of NCDOT values. Remember, performance is based on meeting results expectations. You cannot "pretend" that greater results have been achieved due to employees' exemplary behavior. The results are what they are no matter how wonderfully the employees act. (See FAQ #5 for reasons why "effort" and other non-results-related items don't "count.")

Although you cannot artificially boost employees' overall performance ratings based on their exemplary behavior, such behavior will often have a natural, positive effect on results

Also, supervisors are encouraged to recognize employees, throughout the performance cycle, for their extra effort and for their special talents, even though these efforts and talents may not translate immediately into enhanced results. Good supervisors will coach their employees to help them more effectively channel their special qualities so that there will be a positive effect on the results achieved.

7. What is the difference in the competencies in the PDA and those in my career banded position?

The purpose of the competencies in the PDA system is to help you identify development opportunities that will enable you to more effectively achieve the results expectations of your position. The PDA competencies are laid out in a simple checklist to make it easy to identify and initiate individual development plans.

The purpose of your career-banded competencies is to pinpoint the level you are operating at for the knowledge and skills that the compensation for your position is based on. Because your compensation is based on assessment of the career-

banded competencies, care has been taken to carefully define in some detail how a competency would be exhibited at each level (contributing, journey, advanced) and to restrict the assessment only to compensable competencies.

8.   Do the competency ratings in the PDA affect my overall rating?

No. The overall performance rating for your PDA is based primarily on the results you achieved during the performance cycle. The competencies are included in the performance management process to provide opportunities for further developing the skills the employee needs to perform the job effectively, to enable the employee to take on new duties in their current role, or to prepare an employee for future roles. When the supervisor rates the competencies during the year-end appraisal, he/she is providing an assessment of the employee's skill level in order to determine specific areas for development. Employee development in the right areas not only enables employees to better deliver the results we expect them to achieve in their current role, but it will also help to prepare the employee for future roles within the Department. It's a win-win!

9.   Why aren't progress reviews being required?

Discussions between the supervisor and employee regarding the employee's performance metrics and overall development should occur throughout the performance cycle. Formal, documented progress reviews are not required at a specified time during the performance cycle. The supervisor and/or employee may determine that based on the type of metrics, frequency of data availability, and/or past performance, one or more formal progress reviews may be deemed appropriate. It is recommended that at least one formal, documented progress review is held.

10.   When is a progress review performed?

Up to three progress reviews may be performed during the performance cycle, which lends itself to quarterly reporting – January, October, and July. However, progress reviews may be performed whenever deemed appropriate by the supervisor. This new performance management system is intended to be a very interactive process between the supervisor and employee. Employees may request a progress review if they feel their overall performance rating is in jeopardy or if they have concerns.

11.   What is a Corrective Action Plan and when is one required?

A Corrective Action Plan (CAP) is a short-term tool used document unsatisfactory performance and document measures to improve the performance. It may be initiated at any time during the performance cycle by the supervisor to address unsatisfactory job performance or a personal conduct issue. A CAP s required in

the case of a formal disciplinary action. It is also required if the employee's overall performance rating is "does not meet expectations."

13.   Why am I being held accountable for things I can't fully control?

Although a business unit or staff member may not feel they have ultimate control over an area of measurement that they will be held accountable for; it is on their PDA because they have *influence* over meeting the measure and target. For example, although NCDOT staff cannot control alcohol related fatalities on North Carolina's transportation systems, we can influence the design, construction and maintenance of safe systems, and we can educate the public of the potential effects of alcohol and the importance of transportation safety.

Each employee has some degree of influence, whether direct or indirect, on the performance measures listed on their PDA, thus, they have accountability for the outcomes. For those measures that you have less influence on, the weight associated with that metric may be low.

14.   The form is too long and will take too much time. Why not have a one-page, simpler form?

The evaluation and development of our employees is too important to the Department to shortchange. To address the many facets of a useful performance management process, it was impossible to set up a one-page form that was a worthwhile tool for managing performance. Section A of the PDA identifies the performance expectations (metrics) and is the critical piece of the employee's performance dashboard and appraisal. Section B (values) provides an opportunity for feedback and discussion on the employee's expected behavior. Section C (competencies) is also a critical piece of the PDA that allows the employee and supervisor to discuss development opportunities for the employee. Section D brings the evaluation together with ratings and signatures.

15.   How do I determine what weight to assign to a metric?

Every employee should have at least three metrics on their PDA and no more than 10. There are usually about 5 to 7 metrics on an individual's PDA. The reason they are weighted is that not all the results you are held accountable for are equally important. Therefore, weights are assigned based on the relative importance of the metric. This doesn't mean you necessarily assign a higher weight on the metric you spend the most time on. It's the importance of the outcome.

16.   Will my PDA be viewed by others and/or the web?

An individual person's overall performance rating is considered confidential by General Statute 126-24. Therefore, your individual evaluation cannot be displayed publicly on the web (internet or intranet) for others to view.

Individual performance metrics and actual results achieved will be used by the Department for reporting purposes. However, your individual end of year overall performance rating will not be shared with others outside of NCDOT. For some upper level staff, their performance metrics and results may be directly reflected on the Department's Executive Dashboard as displayed on the web; however, no individual employee will be directly linked to the public facing results. Your PDA is a tool for you and your manager to measure and evaluate your individual work performance.

17. What was wrong with the old system, why change?

As part of the transformation of NCDOT, we are changing to a performance culture. The old system contained very subjective expectations and ratings. This allowed managers to evaluate employees based more on how they thought they performed their tasks rather than the actual results produced. With no clear expectations set, over time, the system became an easy way to make employees "feel good" to substitute for not being able to monetarily reward employees who meet or exceed expectations. Very Good and Outstanding ratings were not tied to measurable results achieved. As a result, the ratings our employees receive didn't necessarily match the organization's achievements. The old system also did not address the importance of employee development and its link to meeting organizational goals.

18. Why are we changing the rating scale?

Having five rating levels made it very difficult to narrowly define the difference between each level. And without measurable expectations, subjective ratings are often given based on opinion rather the supervisor's opinion so over time a rating of "good" or "outstanding" lost its true meaning. The three level scale is much more definitive. If an employee meets their established target, they "meet expectations". It is not necessary to define what exceeds or does not meet expectations. If the target is to complete 70-85% of projects on time and the actual results is 75% completed on time, then the rating is "meets expectations." If only 69% were completed on time, the rating is "does not meet expectations." If it's 86%, the rating is "exceeds expectations."

18. Does every employee need a metric listed on their PDA for each of the Department's 5 goals?

No. Metrics should only be developed for those goals for which the individual contributes.

19. How does the new PDA form work with the Action Plans that the Branches and Units are developing?

A business unit's action plan is a collective summary of initiatives of the business unit. It includes "action" items the business unit plans to do or implement to positively affect the unit and the Department's goals. Although these items usually are not included as a metric on a PDA, the result of the action items should have a direct impact on the metrics. For example, my business unit action plan could include an action item like "create new snow and ice plan". The results of creating the new snow and ice plan should affect the metric for "road clearance times.

20. When will the PDA forms be on-line?

The new PDA forms will be located on the NCDOT electronics forms website, and they will be located on the NCDOT portal in the TMT group. These should be available by July 7.

21. Is there a new performance management policy and is it available on-line?

Yes there is a new policy. The new policy is effective 7/1/08 and, at this time, will only affect the top 150 leadership positions that began using the new PDA on April 1, 2008. The remaining NCDOT employees will continue to be guided by the current PM policy which is located on the NCDOT Human Resources website. The new policy will be distributed to all employees prior to department-wide implementation on April 1, 2009.

22. Where do managers to for help in developing metrics?

By late August, mid-September, we hope to have in place a "metrics warehouse" where managers can go to see examples of metrics that have been developed by other business units. This would be a central database that managers would go to and choose metrics that apply to a particular role. The manager would not have to "reinvent the wheel" or write a measure that someone else has already written. This metrics warehouse would ensure that employees across the state who perform the same function are measured consistently. For example, a PDA for an Office Assistant IV in a District Office may include performance measures for payroll entry, invoices processed, correspondence preparation, and customer service. These same performance measures may be common to an Office Assistant in Roadway Design. Each unit will have metrics specific to their unit. The warehouse will help by giving many metric examples. In addition, the TMT Metrics Team members are available to offer advice and guidance on developing metrics.

To: All Employees

From: Secretary Lyndo Tippett

Subject:: New Performance Management System

Date: April 17, 2008

Last year the Department of Transportation surveyed all NCDOT employees and other key stakeholders. Following the survey, numerous focus groups and one-on-one interviews were held with NCDOT employees across the state. Many of you participated in these discussions. The survey and interviews indicated the need for a new performance management system with increased accountability and emphasis on employee development.

Developing a new performance management system became one of the key initiatives of the Transformation Management Team, and on April 1, 2008, a new results-based performance management system was implemented for the top 150 managers in DOT. These managers began the performance cycle with a new Performance Dashboard & Appraisal (PDA), which is the form used to document performance expectations and results achieved. A results-based system is designed to support a performance culture in which clear expectations are established, and employees are held accountable for achieving the expected results. Each manager's PDA includes performance metrics (results expectations) that are directly linked to the Department's mission and goals. The PDA also addresses adherence to NCDOT values. In addition, the PDA includes leadership competencies which are the skills NCDOT expects managers to have to be effective leaders.

In the next several months, all NCDOT managers and supervisors will have an opportunity to attend training on the new results-based performance management system. As managers and supervisors receive this training, we ask that they begin talking about the new process with their employees. In October 2008, all NCDOT employees will be introduced to the new PDA process by participating in a six-month pilot of the new process. As you learn more about this process, please feel free to share any questions or concerns with me or with the Transformation Management Team through the "Contact Us" link on the TMT portal page.

Finally, I will be holding several question and answer sessions across the state this summer. I encourage you to attend one of these sessions. These are informal meetings in which employees have the opportunity for share questions and concerns about the Department with me. I appreciate your support as our Department continues to strive to make our organization a place that works well and to make our organization a great place to work.

PERFORMANCE DASHBOARD & APPRAISAL - Leadership

Section A: Performance Metrics

Performance Cycle Date:		Unit/Section:	
Employee's Name:		Supervisor's Name:	
Employee's Classification/Title:		Supervisor's Title:	

NCDOT Goals: (1) Make our transportation network **safer.** (2) Make our transportation network move people and goods **more efficiently.** (3) Make our infrastructure **last longer.** (4) Make our organization a place that **works well.** (5) Make our organization a **great place** to work.

Enter NCDOT Goal (1-5)	Results Expectations			Year End		
	Measure	**Target**	**% Weight**	**Actual Results**	**Number Rating *1, 2, 3**	**Weighted Rating % Weight x No. Rating**
			Total % =	**100%**	**Combined Weighted Rating =**	

*Number Rating Key:

3 = Exceeds expectations
2 = Meets expectations
1 = Does not meet expectations

Sum of % weights that received a number rating of "1" at year end

Beginning of performance cycle: Signatures indicate supervisor and employee have discussed performance metrics, values and competencies.

Supervisor's signature:		Date:	
Employee's signature:		Date:	

Progress Reviews: Supervisor - Enter the dates progress reviews are performed and attach progress review documentation form.

(1)	(2)	(3)

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PERFORMANCE DASHBOARD & APPRAISAL - Leadership

Section B: NCDOT Values

Supervisor's Instructions:
At the end of the performance cycle, check "YES" or "NO" as to whether the employee adhered to each value during the performance cycle. If "NO" is checked, a description of the non-adherence must be provided in the "Supervisor's Comments" column.

Values (Behavioral Expectations)	Adhered to Value?		Supervisor's Comments
	YES	**NO**	
Safety: We strive for safety throughout our transportation networks as well as in our work and our daily lives.	☐	☐	
Customer Service: We respond to our customers, both internal and external, in an open, professional and timely manner.	☐	☐	
Integrity: We earn and maintain trust by responsibly managing the state's assets, acting ethically, and holding ourselves accountable for our actions.	☐	☐	
Diversity: We draw strength from our differences and work together in a spirit of teamwork and mutual respect.	☐	☐	
Quality: We pursue excellence in delivering our projects, programs, services and initiatives.	☐	☐	

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PERFORMANCE DASHBOARD & APPRAISAL - Leadership

Section C: Leadership Competencies

Supervisor's Instructions: At the end of the performance cycle, using the rating key shown below, rate each of the 9 competencies as to how effectively the employee demonstrated the competency during the performance cycle. Then, check at least 3 of the 57 behaviors that may be considered as development opportunities for the employee.

Rating key:	1 = Needs Work	2 = Does Well	3 = Role Model	N/O = Not observed	N/A = Not applicable to the role	Check at least 3 Development Opportunities
Rating	**Competencies**	**Behaviors**				
☐	1. Self-Management	1. Models high standards of honesty and integrity.				☐
		2. Manages time wisely focusing on leadership activities and priorities.				☐
		3. Addresses issues when they arise before they get out of hand.				☐
		4. Is open to new approaches and re-evaluates own position when necessary.				☐
		5. Promotes ethical practices in all organizational activities.				☐
		6. Demonstrates resilience by responding constructively to change and setbacks.				☐
		7. Maintains professional demeanor and responds to citizens in a courteous, respectful manner.				☐
		8. Takes initiative.				☐
☐	2. Leading People	9. Inspires, motivates and leads others toward goal achievement.				☐
		10. Communicates ideas and facts in a clear and persuasive way.				☐
		11. Delegates responsibility along with authority to take action.				☐
		12. Treats all individuals fairly with sensitivity and respect.				☐
		13. Listens and shows understanding of what others are saying.				☐
		14. Creates work environment that is attractive to employees and applicants.				☐
		15. Exemplifies NCDOT values through own behavior				☐
		16. Creates a climate in which everyone is respected and recognized for their contributions.				☐
☐	3. Results Focus	17. Sets clear performance expectations for self and team.				☐
		18. Works to fulfill customer requirements with a quality product or service.				☐
		19. Creates a climate in which candid feedback is both sought and given frequently.				☐
		20. Quickly addresses employees whose performance does not meet expectations.				☐
		21. Focuses on results and measuring attainment of outcomes.				☐
		22. Makes wise use of technology to enhance productivity.				☐
☐	4. Strategic Focus	23. Builds a shared vision with others.				☐
		24. Influences others to translate vision into action.				☐
		25. Anticipates and addresses potential threats and opportunities.				☐
		26. Applies a long-term perspective when developing strategic plans and priorities.				☐
		27. Develops business plans that ensure sustainability and support NCDOT's long-term vision.				☐
		28. Adjusts strategic plans to address changing internal and external conditions.				☐
☐	5. Managing Change	29. Motivates people to embrace needed change.				☐
		30. Creates a work environment that encourages creative thinking and innovation.				☐
		31. Takes necessary action to implement innovative new approaches, services, & capabilities including eliminating impediments to change.				☐
		32. Redesigns work processes, organizational structures and procedures when a change is necessary.				☐
		33. Creates an environment where learning and developing new skills are part of day-to-day work.				☐

PERFORMANCE DASHBOARD & APPRAISAL - Leadership

Section C. Competencies (continued)

Rating key:	1 = Needs Work	2 = Does Well	3 = Role Model	N/O = Not observed	N/A = Not applicable to the role	Check at least 3 Development Opportunities
Rating	Competencies	Behaviors				
	6. People Management	34. Promotes the use of effective employee development practices (e.g., career development planning, coaching and mentoring, performance management, etc.				☐
		35. Ensures policies are applied correctly and in a consistent manner.				☐
		36. Ensures the organization follows practices for recruiting and retaining a high performing workforce with a range of viewpoints and backgrounds.				☐
		37. Does not show favoritism.				☐
		38. Acts to address anticipated staff changes (e.g., retirement, promotion, turnover, etc.) so that productivity is not lost.				☐
	7. Financial Management	39. Develops and manages budgets for projects, programs, services, and initiatives to ensure cost-effective resource use while minimizing cost overruns.				☐
		40. Makes sound decisions on budget expenditures, including salaries, equipment, supplies, and services.				☐
		41. Forecasts and persuasively communicates future budget needs.				☐
		42. Sets priorities so that sufficient resources are devoted to the most critical needs.				☐
		43. Develops financial strategy to allocate resources in alignment with mission and goals.				☐
	8. Collaboration/ Partnering	44. Anticipates and acts to prevent destructive conflict situations.				☐
		45. Manages conflicts so the work gets done with minimal disruption and without compromising future collaborative relationships.				☐
		46. Builds trust and open communication among team members.				☐
		47. Collaborates across organizational boundaries to deliver projects, programs, services, and initiatives.				☐
		48. Collaborates with external partners to deliver projects, programs, services, and initiatives.				☐
		49. Acts based on broad knowledge of programs, projects, services, and initiatives throughout NCDOT.				☐
		50. Works to overcome barriers to partnering.				☐
	9. Problem Solving and Decision Making	51. Acts decisively when quick action is required, even in uncertain situations.				☐
		52. Makes difficult or unpopular decisions when necessary.				☐
		53. Tackles problems with a clear perception of organizational and political reality.				☐
		54. Takes calculated risks to achieve recognized benefits.				☐
		55. Finds resourceful solutions when traditional approaches don't work.				☐
		56. Makes decisions based on data rather than intuition.				☐
		57. Quickly grasps the essence of new information.				☐

Supervisor's Instructions:

1. At the end of the performance cycle, provide comments below concerning the employee's development progress during the performance cycle.

2. During the year-end performance appraisal review, discuss with the employee the development opportunities checked. Choose at least one development opportunity to focus on during the next performance cycle, and consider preparing an Individual Development Plan. Development opportunities which are not listed above may be addressed.

PERFORMANCE DASHBOARD & APPRAISAL - Leadership

Section D: Year-End Appraisal

1. **Transfer the sum of % weights that received a number rating of "1" (from Section A):** ☐

    If the sum of % weights is 50% or less, go to step 2.
    If the sum of % weights receiving a rating of "1" exceeds 50%,
      the employee's performance does not meet expectations;
      go to step 4 and check "Does Not Meet Expectations".

2. **Transfer the Combined Weighted Rating (from Section A):** ☐

Weighted Rating Scale:	
1.00 - 1.74	Does Not Meet Expectations
1.75 - 2.74	Meets Expectations
2.75 - 3.00	Exceeds Expectations

    If the combined weighted rating equals "Does Not Meet Expectations,"
      go to Step 4 and check "Does Not Meet Expectations."
    If the combined weighted rating equals "Meets Expectations" or "Exceeds Expectations", go to Step 3

3. **Describe serious non-adherence to NCDOT values during this performance cycle (defined as an active disciplinary action):**

4. **OVERALL PERFORMANCE RATING:** Check the block that reflects the employee's overall performance rating. If there is an active disciplinary action described in Step 3, the rating achieved in Step 2 shall be lowered one level.

    ☐ Does Not Meet Expectations   ☐ Meets Expectations   ☐ Exceeds Expectations

    Supervisor's comments concerning the employee's overall performance:

5. **Next Level Supervisor Review:** Signature indicates the next level supervisor has reviewed and agrees with the employee's overall performance rating:

Next Level Supervisor's Signature:		Title:		Date:	

6. **Supervisor and employee signatures:** Signatures indicate the supervisor and employee have discussed the appraisal:

Supervisor's Signature:		Title:		Date:	
Employee's Signature:		Date:			
Employee's Comments:					

    Appeal rights: Employees wishing to appeal their overall performance rating of "Does Not Meet Expectations" or "Meets Expectations", must do so in writing to the Human Resources Employee Relations Manager at 1519 Mail Service Center, Raleigh, 27699-1519, within 15 calendar days of the date the employee signs this appraisal, as outlined in the Department's Performance Pay Dispute Resolution Procedures. No action will be taken on the appeal of a "Meets Expectations" unless there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations."

NCDOT PERFORMANCE DASHBOARD & APPRAISAL (PDA)
INSTRUCTIONS

Choose the appropriate PDA form:
- <u>PDA - Leadership</u>: to be used for employees in top 150 leadership positions
- <u>PDA - Supervisory</u>: to be used for all supervisory employees (other than the 150)
- <u>PDA - Individual Contributor</u>: to be used for all non-supervisory employees

Stage 1: Performance Planning
1. At the beginning of the performance cycle, the supervisor and employee discuss performance metrics. The supervisor enters the measures, targets and weights in Section A: Performance Metrics.
2. The supervisor and employee review Section B: NCDOT Values. The supervisor reminds the employee that non-adherence to values may affect the employee's final appraisal rating.
3. The supervisor and employee review Section C: Competencies, and, if appropriate, initiate individual development plan(s).
4. The supervisor and employee sign and date in the space provided on Page 1 of the PDA indicating discussion of performance metrics, values and competencies has occurred.

Stage 2: Ongoing Performance Management
1. The supervisor and employee track performance results throughout the cycle. The supervisor provides continuous feedback, coaching, mentoring, etc.
2. The supervisor should conduct at least one formal progress review during the cycle. Progress reviews may be conducted up to three times during a performance cycle.
3. When a progress review is performed, the supervisor will enter the date of the progress review in Section A.
4. The supervisor and employee will discuss progress of performance metrics, issues concerning NCDOT Values and unsatisfactory job performance; competencies and related development progress.
5. The supervisor should initiate an individual development plan(s) to document if development opportunities are identified.
6. The supervisor should initiate a corrective action plan if there is unsatisfactory job performance.
7. The supervisor will document the progress review using the Progress Review Documentation Form.
8. The supervisor and employee will initial and date the Progress Review Documentation Form.
9. The supervisor will attach the Progress Review Documentation Form and any related documentation to the employee's PDA.

Stage 3: Performance Appraisal
1. In Section A, the supervisor will enter the year-end actual results for each measure. The supervisor will compare actual results to targets, enter a numeric rating for each measure, compute and enter a weighted rating for each measure, and compute and enter combined weighted rating.
2. In Section A, the supervisor will enter the sum of % weights that received a number rating of "1" at year-end.
3. In Section B, the supervisor will check beside each value whether the employee adhered or did not adhere to the value. If non-adherence is checked, the supervisor must provide comments.
4. In Section C, the supervisor will rate each competency as to how effectively the employee demonstrated the competency during the performance cycle. The supervisor will check at least three development opportunities.
5. In Section D, the supervisor will follow the instructions outlined in Steps 1 – 3 of the form. In Step 4, the supervisor will check the block that reflects the employee's overall performance rating.
6. The supervisor will enter comments concerning the employee's overall performance.
7. The supervisor will forward the completed PDA to the next level supervisor.
8. The next level supervisor will review the employee's appraisal for accuracy and consistency within the business unit. If the next level supervisor does not agree with the rating, he/she will contact the respective supervisor to discuss. The next level supervisor will sign and date, indicating agreement with the rating.
9. The supervisor will review with the employee the completed appraisal including: actual results entered in Section A; non-adherence to values noted in Section B; any unsatisfactory job performance and corrective action plan(s); competency ratings in Section C; developmental progress and development opportunities for the upcoming performance cycle; and the employee's overall performance rating.
10. The supervisor and employee will sign and date the appraisal in the space provided. The employee may provide comments.
11. If the overall performance rating is "Does Not Meet Expectations", the supervisor must initiate a Corrective Action Plan (CAP) and may initiate disciplinary action.
12. Any documentation supporting the rating, including the Progress Review Documentation Form, Corrective Action Plan(s), Individual Development Plan(s) etc., should be attached to the completed PDA.

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PROGRESS REVIEW DOCUMENTATION FORM

Supervisor's Instructions: Up to three progress reviews may be performed during the performance cycle. During the review, discuss the employee's progress regarding performance metrics, issues with non-adherence to values, and development progress. Provide comments in the space provided. Supervisor and employee initial and date. Attach progress review form and related documentation to the employee's PDA.

Performance Cycle Date:	
Name:	
Classification/Title:	
Unit/Section:	
Supervisor's Name:	**Title:**

Progress Review No. 1

Supervisor's Comments:

Employee's Comments:

Supervisor's Initials:		Review Date:		Employee's Initials:		Date:	

Progress Review No. 2

Supervisor's Comments:

Employee's Comments:

Supervisor's Initials:		Review Date:		Employee's Initials:		Date:	

Progress Review No. 3

Supervisor's Comments:

Employee's Comments:

Supervisor's Initials:		Review Date:		Employee's Initials:		Date:	

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INDIVIDUAL DEVELOPMENT PLAN

Name:	
Classification/Title:	
Unit/Section:	
Supervisor's Name	**Title:**

1. Competency, skill or knowledge identified as an area of potential growth:

2. Action plan for development of the competency, skill, or knowledge:

3. Desired outcome:

4. Resources and/or support to be provided, if any?

Supervisor's and employee's initials below indicate this development plan has been discussed:

Supervisor's Initials:		Date:		Employee's Initials:		Date:	

Supervisor's comments as to the outcomes, growth, or benefits resulting from this development plan:

Supervisor's Initials:		Date:		Employee's Initials:		Date:	

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CORRECTIVE ACTION PLAN

Name:	
Classification/Title:	
Unit/Section:	
Supervisor's Name:	**Title:**

1. Performance or conduct issue (if applicable, include date of incident):

2. Expectations:

3. Actions to be taken for improvement and target date for improvement:

4. Consequences of failure to improve:

5. Resources and/or support to be provided, if any:

6. Date supervisory follow-up will occur:

Signatures below indicate this CAP has been reviewed with the employee:

Supervisor's Initials:		Date:		Employee's Initials:		Date:	

Supervisor's follow-up:

Has the performance issue been resolved?

☐ Yes

☐ No, initiate new Corrective Action Plan or initiate disciplinary action.

Supervisor's comments:

Supervisor's Initials:		Date:		Employee's Initials:		Date:	

PERFORMANCE DASHBOARD & APPRAISAL - Supervisor

Section A: Performance Metrics

Performance Cycle Date:		Unit/Section:	
Employee's Name:		Supervisor's Name:	
Employee's Classification/Title:		Supervisor's Title:	

NCDOT Goals: (1) Make our transportation network **safer.** (2) Make our transportation network move people and goods **more efficiently.** (3) Make our infrastructure **last longer.** (4) Make our organization a place that **works well.** (5) Make our organization a **great place** to work.

Enter NCDOT Goal (1-5)	Results Expectations			Year End		
	Measure	**Target**	**% Weight**	**Actual Results**	**Number Rating** *1, 2, 3	**Weighted Rating** % Weight x No. Rating
		Total % =	**100%**	**Combined Weighted Rating =**		

***Number Rating Key:**
3 = Exceeds expectations
2 = Meets expectations
1 = Does not meet expectations

Sum of % weights that received a number rating of "1" at year end

Beginning of performance cycle: Signatures indicate supervisor and employee have discussed performance metrics, values and competencies.

Supervisor's signature:		Date:
Employee's signature:		Date:

Progress Reviews: Supervisor - Enter the dates progress reviews are performed and attach progress review documentation form.

(1)	(2)	(3)

07/01/08

PERFORMANCE DASHBOARD & APPRAISAL - Supervisor

Section B: NCDOT Values

Values (Behavioral Expectations)	Adhered to Value?		Supervisor's Comments
	YES	NO	
Safety: We strive for safety throughout our transportation networks as well as in our work and our daily lives.	☐	☐	
Customer Service: We respond to our customers, both internal and external, in an open, professional and timely manner.	☐	☐	
Integrity: We earn and maintain trust by responsibly managing the state's assets, acting ethically, and holding ourselves accountable for our actions.	☐	☐	
Diversity: We draw strength from our differences and work together in a spirit of teamwork and mutual respect.	☐	☐	
Quality: We pursue excellence in delivering our projects, programs, services and initiatives.	☐	☐	

PERFORMANCE DASHBOARD & APPRAISAL - Supervisor

Section C: Competencies

Supervisor's Instructions: At the end of the performance cycle, using the rating key shown below rate each of the 9 competencies as to how effectively the employee demonstrated the competency during the performance cycle. Then, check at least 3 of the 53 behaviors that may be considered as development opportunities for the employee.

Rating key:	1 = Needs Work	2 = Does Well	3 = Role Model	N/O = Not observed	N/A = Not applicable to the role	Check at least 3 Development Opportunities
Rating	Competencies	Behaviors				
☐	**1. Self-Management**	1. Models high standards of honesty and integrity.				☐
		2. Manages time wisely, balancing people management with technical responsibilities.				☐
		3. Addresses issues when they arise before they get out of hand.				☐
		4. Is open to new approaches and re-evaluates own position when necessary.				☐
		5. Promotes ethical practices in all organizational activities.				☐
		6. Demonstrates resilience by responding constructively to change and setbacks.				☐
		7. Maintains professional demeanor and responds to citizens in a courteous, respectful manner.				☐
		8. Takes initiative				☐
☐	**2. Leading People**	9. Motivates others toward goal achievement.				☐
		10. Communicates ideas and facts in a clear and persuasive way.				☐
		11. Delegates responsibility in order to get the work done and to develop employees.				☐
		12. Treats all individuals fairly with sensitivity and respect.				☐
		13. Listens and shows understanding of what others are saying.				☐
		14. Creates work environment that is attractive to employees and applicants.				☐
		15. Exemplifies NCDOT values through own behavior				☐
		16. Creates a climate in which everyone is respected and recognized for their contributions.				☐
☐	**3. Results Focus**	17. Sets clear performance expectations for self and team.				☐
		18. Works to fulfill customer requirements with a quality product or service.				☐
		19. Creates a climate in which candid feedback is both sought and given frequently.				☐
		20. Quickly addresses employees whose performance does not meet expectations.				☐
		21. Focuses on results and measuring attainment of outcomes.				☐
		22. Makes wise use of technology to enhance productivity.				☐
☐	**4. Planning & Organization**	23. Is effective at establishing a course of action to achieve a goal.				☐
		24. Organizes resources efficiently to get the job done.				☐
		25. Prepares contingent or back-up plans when the risk warrants.				☐
		26. Makes accurate estimates of time requirements.				☐
		27. Delivers Projects, Programs, Services, and Initiatives on time and within budget.				☐
☐	**5. Managing Change**	28. Motivates people to embrace needed change.				☐
		29. Creates a work environment that encourages creative thinking and innovation.				☐
		30. Takes necessary action to implement innovative new approaches, services, & capabilities including eliminating impediments to change.				☐
		31. Proposes improvements in existing processes and procedures.				☐
		32. Creates an environment where learning and developing new skills are part of day-to-day work.				☐

Section C. Competencies (continued)

Rating key:	1 = Needs Work	2 = Does Well	3 = Role Model	N/O = Not observed	N/A = Not applicable to the role	Check at least 3 Development Opportunities
Rating	Competencies		Behaviors			
☐	**6. People Management**	33.	Uses effective employee development practices (e.g., career development planning, coaching and mentoring, performance management, etc.).			☐
		34.	Applies policies correctly and in a consistent manner.			☐
		35.	Follows practices for recruiting and retaining a high performing workforce with a range of viewpoints and backgrounds			☐
		36.	Does not show favoritism.			☐
		37.	Acts to address anticipated staff changes (e.g., retirement, promotion, turnover, etc.) so that productivity is not lost.			☐
☐	**7. Cost Management**	38.	Develops and manages budgets for projects, programs, services, and initiatives to ensure cost-effective resource use while minimizing cost overruns.			☐
		39.	Makes sound recommendations on budget expenditures, including salaries, equipment, supplies, and services.			☐
		40.	Persuasively communicates future budget needs.			☐
		41.	Sets priorities so that resources are efficiently utilized.			☐
☐	**8. Collaboration/ Partnering**	42.	Anticipates and acts to prevent destructive conflict situations.			☐
		43.	Manages conflicts so the work gets done with minimal disruption and without compromising future collaborative relationships.			☐
		44.	Builds trust and open communication among team members.			☐
		45.	Acts based on a broad knowledge of programs, projects, services, and initiatives throughout NCDOT.			☐
		46.	Works to overcome barriers to partnering.			☐
☐	**9. Problem Solving & Decision Making**	47.	Acts decisively when quick action is required, even in uncertain situations.			☐
		48.	Makes difficult or unpopular decisions when necessary.			☐
		49.	Tackles problems with a clear perception of organizational and political reality.			☐
		50.	Takes calculated risks to achieve recognized benefits.			☐
		51.	Finds resourceful solutions when traditional approaches don't work.			☐
		52.	Makes decisions based on data rather than intuition.			☐
		53.	Quickly grasps the essence of new information.			☐

Supervisor's Instructions:

1. At the end of the performance cycle, provide comments below concerning the employee's development progress during the performance cycle.

2. During the year-end performance appraisal review, discuss with the employee the development opportunities checked. Choose at least one development opportunity to focus on during the next performance cycle, and consider preparing an Individual Development Plan. Development opportunities which are not listed above may be addressed.

PERFORMANCE DASHBOARD & APPRAISAL - Supervisor

Section D: Year-End Appraisal

1. **Transfer the sum of % weights that received a number rating of "1" (from Section A):** [   ]

   If the sum of % weights is 50% or less, go to step 2.
   If the sum of % weights receiving a rating of "1" exceeds 50%,
     the employee's performance does not meet expectations;
     go to step 4 and check "Does Not Meet Expectations".

2. **Transfer the Combined Weighted Rating (from Section A):** [   ]

Weighted Rating Scale:	
1.00 - 1.74	Does Not Meet Expectations
1.75 - 2.74	Meets Expectations
2.75 - 3.00	Exceeds Expectations

   If the combined weighted rating equals "Does Not Meet Expectations,"
     go to Step 4 and check "Does Not Meet Expectations."
   If the combined weighted rating equals "Meets Expectations" or "Exceeds Expectations", go to Step 3

3. **Describe serious non-adherence to NCDOT values during this performance cycle (defined as an active disciplinary action):**

4. **OVERALL PERFORMANCE RATING:** Check the block that reflects the employee's overall performance rating. If there is an active disciplinary action described in Step 3, the rating achieved in Step 2 shall be lowered one level.

   ☐ Does Not Meet Expectations   ☐ Meets Expectations   ☐ Exceeds Expectations

   Supervisor's comments concerning the employee's overall performance:

5. **Next Level Supervisor Review:** Signature indicates the next level supervisor has reviewed and agrees with the employee's overall performance rating:

Next Level Supervisor's Signature:		Title:		Date:	

6. **Supervisor and employee signatures:** Signatures indicate the supervisor and employee have discussed the appraisal:

Supervisor's Signature:		Title:		Date:	
Employee's Signature:		Date:			

   Employee's Comments:

Appeal rights: Employees wishing to appeal their overall performance rating of "Does Not Meet Expectations" or "Meets Expectations", must do so in writing to the Human Resources Employee Relations Manager at 1519 Mail Service Center, Raleigh, 27699-1519, within 15 calendar days of the date the employee signs this appraisal, as outlined in the Department's Performance Pay Dispute Resolution Procedures. No action will be taken on the appeal of a "Meets Expectations" unless there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations."

Plan for PDA Rollout

Current Plan (Option 1): (All 150 leadership positions begin "real" PDA 4/08; all other employees convert to the new PDA process 10/08):
The top 40 Managers at DOT were trained on 12/18/2007 and are participating in a three-month pilot PDA right now. Beginning April 1, 2008, the Top 40 Managers will begin a new PDA for the April 1, 2008 – March 31, 2009 performance year. Their performance rating in April 2009 will be based on their new PDA. The supervisors of the remaining 110 leadership positions have been provided draft metrics for the 110 by the Metrics Team and are currently working with those 110 on the draft. All top 150 leadership positions will begin the new PDA process on April 1, 2008 for a 12-month performance cycle, ending March 31, 2009. Their performance rating will be based on their new PDA. All other employees will convert to a new PDA on 10/08. Their ratings next April will be a combined rating of the old PM (6 months) and new PDA (6 months).

Option 2: (All 150 leadership positions begin real PDA 4/08; all other employees begin Pilot PDA 10/08)
All remaining employees will begin the new cycle using the <u>existing</u> PM process. On October 1, 2008, these employees will receive an interim rating for their existing PM, and they will set up a new PDA with corresponding measures and metrics for the next six-month period (October 1, 2008 through March 31, 2009). Their current PM will remain active and the employee will receive an overall performance rating for the 12-month cycle based on their existing PM. The PDA rating will serve only as a "pilot" and will not count towards the final performance rating. All employees will then begin the April 1, 2009 performance cycle using the new PDA process.

Option 2 Pros:
All of NCDOT will have an understanding and working knowledge of the new results-based
      performance evaluation system by April 1, 2009
Dual systems allow employees to get used to the new system without worrying about it affecting
      their overall performance rating.
Pilot ratings won't count (except for the top 150 leadership positions).
Allows leadership time to validate metrics/targets/weights for their employees and figure out
      how to track/measure actual results, prior to it becoming real for all of NCDOT in April
      2009.
NCDOT Transformation effort becomes more "real" to all employees (because it touches
      everyone) in October 1, 2008.

Option 2 Cons:
Dual systems - supervisors will have to perform 2 performance evaluations – more paperwork.
Pilot ratings won't count (except for top 150).
Employees will get mixed messages about what's expected from them (2 different sets of
      expectations, 2 different rating scales – may likely result in 2 totally different ratings)
All of NCDOT will not "really" be on new evaluation system until April 1, 2009.

Option 3: (All 150 begin real PDA 4/08; all employees begin real PDA 4/09)

The top 150 leadership positions will begin the new PDA process on April 1, 2008 for the next 12-month performance cycle, ending March 31, 2009. Their performance rating will be based on their new PDA. All remaining employees will begin the new PDA process April 1, 2009.

Option 2 Pros:
All of NCDOT will have a better understanding/knowledge of new results-based performance
        evaluation system by April 1, 2009.
Allows leadership one full year to validate their own metrics/targets/weights and to figure out
        how to track/measure actual results and to begin preparing/establishing
        metrics/targets/weights for their employees
Allows leadership additional time to become comfortable (and to "stumble") with using metrics
        and to get used to the higher degree of accountability
No dual systems which is less paperwork for supervisors.
Allows PDA Work Group additional time to get the 2nd process (for non-supervisory personnel)
        developed.
Allows TMT/HR additional time for training of all NCDOT supervisors on the new PDA
        processes, and development of those training materials.
Allows TMT additional time to develop transition plan for these processes from TMT to Human
        Resources.
All of the above may create additional buy-in from top 150 leadership.

Option 3 Cons:

Rank/file employee will not see the new system prior to April 1, 2009
Delays ability to proactively begin measuring performance and dealing with under performance.
The staff of the 150 leadership positions will not be working towards same goals (metrics) that
        they are.
Loss of momentum in transformation effort

Comments relating to both options:
With either option chosen, we will advise (and encourage) the top 150 leadership positions that they can write their employees' April 1, 2008 PM to align with the metrics/targets and weights included on their new PDA. This should make it easier for those managers that begin the transition to metrics and targets now.

The Performance Management Work Group recommends Option 2. These options were presented to TMT on 2/11/08, and a consensus was not reached between Options 2 and 3.

OPTION 2 APPROVED BY LT ON 2/20/08

Proposed Changes to the
North Carolina Department of Transportation's
Performance Management Policy & Procedures

Documents included in this package:

1. Key Changes in the NCDOT Performance Management Policy & Procedures - highlights changes in the policy

2. NCDOT Performance Management Policy & Procedures

The following documents are referred to in the policy and are included to clarify how the policy will be implemented. These documents are not submitted for Commission approval, but for information purposes:

1. NCDOT Performance Dashboard & Appraisal (PDA) Instructions

2. PDA Section A: Performance Metrics

3. PDA Section B: NCDOT Values

4. PDA Section C: Leadership Competencies

5. PDA Section C: Supervisory Competencies

6. PDA Section C: Individual Contributor Competencies

7. PDA Section D: Year-End Appraisal

8. Progress Review Documentation Form

9. Corrective Action Plan (CAP) Form

10. Individual Development Plan Form

Proposed Changes to the
North Carolina Department of Transportation's
Performance Pay Dispute Resolution Policy & Procedures

Documents included in this package:

1. Key Changes in the NCDOT Performance Pay Dispute Resolution Policy & Procedures – highlights changes in the policy.

2. NCDOT Performance Pay Dispute Resolution Policy & Procedures

The following document is included to clarify how the policy will be implemented. This document is not submitted for Commission approval, but for information purposes:

Appendix A: Performance Pay Dispute Resolution Procedures Estimated Timeline

Key Changes in the
Performance Pay Dispute Resolution Policy & Procedures

Current Policy:	Revised Policy:
An employee who receives an Overall Performance Summary Rating of **"Very Good"** is informed of the Internal Performance Pay Dispute Resolution Procedures. No Action will be taken on the appeal unless a differential in the amount of increase between **"Very Good" and "Outstanding"** is implemented by the Legislature.	Employees that receive an overall performance rating of **"Meets Expectations"** will have no action taken on their appeal unless there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations"
Employee is not satisfied with performance evaluation, writes a letter to HR Director and begins the Grievance Process.	Employee is not satisfied with performance evaluation, discusses first with the supervisor and then writes a letter to the HR Employee Relations Manager to begin the dispute process. The Business Unit Manager facilitates the discussion between the employee and the immediate supervisor. The Business Unit Manager responds back to the employee with any findings from the discussions. The employee may file formal dispute if still not satisfied.
Managers advise employees (of their right to file a grievance) with a letter, separate from the performance evaluation or with an "Addendum" attached to the performance evaluation.	A general statement is included in Section D of the new Performance Dashboard & Appraisal (PDA) form advising employees of their appeal rights. This eliminates the need for the additional advisory letter, addendum to the evaluation form, or attachment of relevant policies.
Mediation is not included in the current policy.	Mediation is included as a required step in the dispute process.
Manager's responsibility is not covered.	Explains the Business Unit Manager's responsibility relating to any changes made to the PDA as a result of the dispute resolution (See Section V - Modified Performance Appraisal Rating).
	Major Text Changes: • Defined Business Unit Manager • Changed "grievance" to "dispute" • Added statement that "an employee has the right to file a performance pay dispute without fear of retaliation." • Removed the section on "Allegations of Discrimination"

KEY CHANGES IN THE
NCDOT PERFORMANCE MANAGEMENT POLICY & PROCEDURES

Current	New
Activity based system with key responsibilities	Results-based system with measurable performance expectations (metrics). Results achieved are primary.
A dictionary of dimensions (behaviors) is used for managers to select from. Employees are rated at the end of the cycle on each dimension, which counts as half of the overall performance rating.	Includes five NCDOT Values (behavioral expectations) established by NCDOT leadership. Adherence is an expectation of the job for all NCDOT employees. Employees do not receive a performance rating on how well they demonstrated the values. Serious non-adherence resulting in disciplinary action will lower the employee's overall performance rating
There is no emphasis on employee development.	Includes standard competencies for leadership, supervisory and individual contributor roles. Supervisor assesses demonstration of each competency and identifies areas to enhance knowledge and build skills. Competency ratings are for developmental purposes and do not count as part of the overall performance appraisal rating.
Supervisors are required to perform one mid-cycle progress review.	Progress reviews are not required at a specified time during the cycle. Supervisors may perform up to three progress reviews during the performance cycle. Supervisor determines when a review will be performed. Employees may request a review. Encourages employee ownership of their metrics and results, and promotes continuous supervisory feedback, mentoring and coaching throughout the cycle.
Employees cannot be rated for a key responsibility or dimension not performed due to circumstances beyond their control.	In a results-focused approach, emphasis is placed on defining the results an employee is expected to produce or outcomes they are responsible for influencing. Results expectations (metrics) may be shared; thus, accountability is shared.

Includes a five-level rating scale.	Includes a three-level rating scale:
	    Exceeds expectations
	    Meets expectations
	    Does not meet expectations.

Key responsibilities and dimensions are listed in priority order.	Performance expectations (metrics) are weighted as to relative importance, and actual results receive a computed weighted rating:
	    2.75 – 3.00 = exceeds expectations
	    1.75 – 2.74 = meets expectations
	    1.00 – 1.74 = does not meet expectations

Current	New
Unsatisfactory job performance is not addressed other than requiring the supervisor to establish a development plan when an employee's level of performance falls below the "good" level in any key responsibility or dimension.	Unsatisfactory job performance is explicitly defined as: - Failure to meet expectations in job description or PDA - Failure to meet expectations as directed by management - Failure to adhere to NCDOT values - Grossly inefficient job performance - Any other area of unsatisfactory performance as determined by the supervisor When performance falls below expectations anytime during the cycle, the supervisor should counsel the employee and may initiate a Corrective Action Plan (CAP) to document short-term measures to improve the performance. If the unsatisfactory job performance is serious or is not improved in a reasonable time, the supervisor may initiate disciplinary action. If the overall performance rating is "does not meet expectations", a CAP is required, and disciplinary action may be initiated.
Includes internal "Performance Pay Dispute Resolution (PPDR) Procedures".	States the employee has the right to appeal an overall performance rating of "does not meet expectations" or "meets expectations" through the Department's PPDR Policy & Procedures. An advisory statement regarding appeal rights has been included in Section D of the new PDA form. The PPDR Policy is a separate policy.
Employee Performance Appraisal Summary Transfer Form: When an employee transfers during the cycle, requires an employee transfer form be completed and signed by the supervisor and supervisor's supervisor and forwarded to the receiving unit.	Form is deleted. When an employee transfers or separates during the cycle, the supervisor must conduct a performance appraisal based on the employee's progress to date, and close the PDA (signed by employee, supervisor and next level supervisor). Employee is given a copy of the PDA during the exit interview.
Supervisor Transfer Form: Requires that prior to a supervisor leaving a unit, they shall meet with their supervisor, assess and document employees progress toward their work plan	Form is deleted. The next level supervisor should generally be aware of employees' progress. Results-based system encourages tracking results throughout the cycle and more frequent progress reviews are encouraged in the new system, which will result in more current progress documentation available to a new supervisor.

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

PERFORMANCE MANAGEMENT POLICY & PROCEDURES

TABLE OF CONTENTS

NCDOT PERFORMANCE MANAGEMENT POLICY & PROCEDURES

I.   INTRODUCTION:

The North Carolina Department of Transportation shall use a "results-focused" approach to performance management. In a results-focused approach, emphasis is placed on defining the results employees are expected to produce or outcomes they are responsible for influencing. A results-focused approach is designed to support a performance culture in which clear expectations are established, and employees are held accountable for achieving expected results.

II.   PURPOSE OF PERFORMANCE MANAGEMENT:

The purpose of performance management is to provide managers and employees a system for ensuring that:

- All employees clearly understand their job expectations.
- All employees have ongoing feedback regarding their performance.
- Development is encouraged for all employees.
- Unsatisfactory performance is addressed.
- Managers have clear accountability for achieving results that support NCDOT goals.
- Managers promote consistent adherence to NCDOT values.

III.   DEFINITIONS:

Performance Dashboard & Appraisal (PDA): A document for recording employee expectations and results.

Performance Metric: A results expectation which consists of a measure, target and weight.

Measure: The yardstick used to determine results achieved.

Target: Level of achievement that represents "meets expectations", expressed as a range.

Weight: Represents the importance of each metric relative to the others, expressed as a percentage.

NCDOT Values: Behavioral expectations established by the Department: (1) Safety; (2) Customer Service; (3) Integrity; (4) Diversity; and (5) Quality.

Competencies: Skills/behavioral indicators.

Individual Development Plan (IDP): A positive tool used to provide opportunity for an employee to develop skills; better utilize strengths; prepare to take on greater responsibilities; or prepare for future roles.

Corrective Action Plan (CAP) – A tool used to document unsatisfactory job performance and document short-term measures to raise the level of performance.

IV. PERFORMANCE MANAGEMENT PROCESS

The performance period shall begin April 1 of each year and end March 31 the following year. The performance management process shall be an interactive process between the employee and supervisor. The process consists of three stages:

- <u>Performance Planning</u> - the beginning of the performance cycle when employee performance expectations are established.
- <u>Ongoing Performance Management</u> - managing and tracking the results achieved and development progress during the performance cycle.
- <u>Performance Appraisal</u> - evaluating employee results and development.

A. Stage 1: Performance Planning:

Performance Metrics: At the beginning of the performance cycle, the supervisor and employee shall discuss the results the employee is expected to achieve in the upcoming performance period. The performance metrics (results expectations) are entered in Section A of the Performance Dashboard & Appraisal (PDA) form. Each metric shall have an established target and assigned weight. The PDA shall include a minimum of three and no more than 10 performance metrics.

NCDOT Values: During the performance planning discussion, the supervisor shall review the NCDOT values in Section B of the PDA. All employees are expected to adhere to these values. Actions that run counter to the values can lead to disciplinary action which will affect the employee's overall performance rating at the end of the performance cycle.

Competencies: Competencies are included in the performance management process for employees in leadership, supervisory or individual contributor roles. During the performance planning discussion, the supervisor may recommend the employee focus on developing a particular competency during the upcoming performance cycle or the employee may request assistance in developing a particular skill. When a development opportunity is identified, an Individual Development Plan (IDP) should be initiated. An IDP may be initiated at any time during the performance cycle.

B. Stage 2: Ongoing Performance Management:

The supervisor and employee shall track the progress of the employee's performance metrics. Discussions regarding employee performance and development should occur throughout the performance cycle. Documented progress reviews are not required at a specified time during the performance cycle. However, it is recommended that at least one formal, documented progress review be held during the performance cycle.

When a documented progress review is performed, the supervisor shall:

(1) Discuss with the employee any available results for the performance metrics in Section A of the PDA.
(2) Discuss with the employee issues concerning unsatisfactory job performance or non-adherence to NCDOT values including any current Corrective Action Plan (CAP) or initiate a new CAP if appropriate, and

(3) Discuss the employee's development progress including any Individual Development Plan (IDP) in place or initiate a new IDP.

A "Progress Review Documentation Form" will be used for documenting the progress reviews.

At any time during the performance cycle the employee's performance falls below expectations, the supervisor may initiate a Corrective Action Plan and disciplinary action if appropriate.

C.   **Stage 3: Performance Appraisal:**

Section A. Performance Metrics: At the end of the performance cycle, the supervisor shall complete Section A of the PDA form, filling in the actual results achieved for each metric. The supervisor will compare the actual results achieved to the target established at the beginning of the performance cycle for each metric. A number rating is assigned depending on the results achieved using the following scale:

3 = Exceeds expectations (actual results achieved exceeded the target)
2 = Meets expectations (actual results achieved met the target)
1 = Does not meet expectations (actual results achieved were below the target)

Once a number rating is assigned, the weighted rating is computed by multiplying the percent weight assigned to the metric by the number rating. Once the weighted rating has been computed for each metric, the supervisor shall sum the weighted ratings to achieve a combined weighted rating. Next, the supervisor must sum the percent weight of the metrics that received a number rating of "1" (does not meet expectations).

Section B. NCDOT Values: In Section B of the PDA, the supervisor shall review the employee's adherence to NCDOT values. If there has been non-adherence during the performance cycle, the supervisor shall describe the non-adherence beside the respective value.

Section C. Competencies: In Section C, the supervisor shall rate each competency as to how effectively the employee demonstrated the competency during the performance cycle. The supervisor shall review the behavioral statements for each of the competencies and check at least three behavioral statements that may be considered as development opportunities for the employee. The supervisor shall provide comments regarding the employee's overall development progress during the performance cycle. Competency ratings are for development purposes and do not affect the employee's overall performance rating.

Section D. Year-End Appraisal: The supervisor shall transfer from Section A, the sum of percent weights that received a number rating of "1". If the sum of percent weights exceeds 50%, the employee's overall rating is "Does Not Meet Expectations". If the percent weight that received a number rating of "1" is 50% or less, the supervisor shall transfer the combined weighted rating from Section A to Section D.

The following rating scale shall be used to determine if the employee's combined weighted rating does not meet, meets, or exceeds expectations:

1.00 - 1.74 = Does Not Meet Expectations
1.75 - 2.74 = Meets Expectations
2.75 - 3.00 = Exceeds Expectations

To determine the overall performance rating, the supervisor must indicate if there was serious non-adherence to values (defined as an active disciplinary action) during the performance cycle. If so, the supervisor shall describe the serious non-adherence in Section D, and lower the performance rating one level.

Once the overall performance rating has been determined, the immediate supervisor shall present the employee's completed appraisal to the next level supervisor to review for accuracy, concurrence, consistency within the business unit, and signature. If the next level supervisor disagrees with the overall performance rating, he/she shall discuss with the immediate supervisor.

Once the next level supervisor and immediate supervisor are in agreement with the overall performance rating, the supervisor shall meet with the employee and review the completed appraisal. During this review, the supervisor shall discuss with the employee Sections A, B, and C of the PDA. When reviewing Section C, the supervisor and employee will discuss development opportunities for the upcoming performance cycle. It is recommended the employee focus on at least one development opportunity during the upcoming performance cycle and an IDP be prepared. Development opportunities not listed in Section C may be addressed. Once the appraisal has been discussed with the employee, the employee will sign and date the appraisal.

If an employee receives an overall performance rating of "does not meet expectations," the supervisor shall prepare a Corrective Action Plan and may initiate disciplinary action.

D.   Change in Results Expectations:

If the results expectations change during the performance cycle, the supervisor shall make adjustments to Section A of the PDA. Revisions shall be discussed, signed and dated by the supervisor and employee.

E.   Position Change:

If an employee leaves the position at any time during the performance cycle (lateral transfer, promotion, or separation), the supervisor shall conduct a performance appraisal and close the PDA. At the time this appraisal is completed, the supervisor shall consider that the actual results achieved may be below the performance targets established in the performance planning stage for a full 12-month cycle. Therefore, the supervisor shall rate the employee based on the progress the employee has made towards meeting those targets as of the date the appraisal is completed. Upon separation from a position, the employee shall be given a copy of the completed PDA during the exit interview. If an employee is temporarily reassigned job duties outside of their current PDA, the supervisor shall conduct a performance appraisal, close the current PDA, and prepare a new PDA for the new assignment.

F.   Signatures:

Signatures of the employee and immediate supervisor are required at the beginning and end of the performance cycle. Signatures only indicate the performance discussion has taken place; it does not indicate the employee is in agreement with the PDA at the beginning or end of the cycle. If an employee refuses to sign the PDA at the beginning or at the year-end appraisal, the supervisor shall indicate the refusal on the PDA and request a witness (could be the next level supervisor) to verify the employee's refusal to sign.

G.   Right to Appeal:

The employee has the right to appeal an overall performance rating of "does not meet expectations" or "meets expectations" through the Department's Performance Pay Dispute Resolution Procedures.

H.   NCDOT Rating Scale:

The North Carolina rating scale contains five performance levels: outstanding, very good, good, below good, and unsatisfactory. The Office of State Personnel Performance Management Policy allows state agencies to use an alternative rating scale as long as it is convertible to the five levels established by general statutes. NCDOT shall use the following three-level rating scale:

Exceeds expectations   = 3 (convertible to a "5" in the NC rating scale)
Meets expectations   = 2 (convertible to a "3" in the NC rating scale)
Does not meet expectations = 1 (convertible to a "2" in the NC rating scale)

I.   Retention:

The completed PDA and related documents should be filed and retained in the employee's division, unit, or section personnel files and shall be retained for three years and disposed of according to GS 121.5(b & c).

J.   Confidentiality:

In accordance with GS 126-22 and GS 126-24, the individual overall performance rating is part of a personnel record and therefore is not public information.

K.   General:

Performance appraisal information shall be used to influence personnel decisions such as selection, promotion, discipline, training opportunities, performance increases, and reduction in force.

Probationary employees shall have a PDA established within 30 calendar days from the date of employment. A progress review shall be performed prior to being moved into permanent status.

Employees in a trainee progression shall also have a PDA established within 30 calendar days of employment, and a progress review shall be completed before each salary increase is granted.

V. ADDRESSING UNSATISFACTORY JOB PERFORMANCE

Supervisors shall address unsatisfactory job performance within 30 days of becoming aware of a performance issue.

Unsatisfactory job performance is defined as individual performance that fails to meet expectations. The immediate supervisor shall determine if an employee's performance falls below expectations. The supervisor's determination should be reasonable, proper and factually supported. The supervisor may make this determination based on any of the following factors:

- Failure to meet performance expectations as defined in the employee's job description or PDA.
- Failure to meet performance expectations as directed by management of the work unit.
- Non-adherence to NCDOT values, including <u>but not limited to</u>:
  - ➢ Failure to follow instructions, directions, policies, or procedures
  - ➢ Quality or quantity of work that falls short of expectations
  - ➢ Inadequate or inappropriate work habits, tardiness or absence
  - ➢ Missing deadlines or completing work in less than a timely manner
  - ➢ Inappropriate or incorrect analysis, decisions, or judgment
  - ➢ Errors, mistakes, or failure to attend to details
  - ➢ Being disrespectful of others
- Grossly inefficient job performance
- Any similar factors that, in the opinion of the supervisor, determine whether an employee's performance constitutes unsatisfactory job performance.

When an employee's job performance falls below expectations at any time during the performance cycle, the supervisor should counsel the employee and may initiate a Corrective Action Plan (CAP). A CAP shall be considered successfully completed only when the employee's actual performance has improved to the point where expectations are being met. If the unsatisfactory job performance is not improved in a reasonable time or if it is significantly serious, the supervisor should initiate disciplinary action in accordance with the NCDOT Disciplinary Action Policy and Procedures.

A Corrective Action Plan shall include:

- A description of the performance issue
- Performance expectations
- Actions to be taken to improve performance, including target date for improvement
- Consequences of failure to improve
- Resources and/or support to be provided (if any)
- The date supervisory follow-up will occur.

Performance deficiencies that occur during the performance cycle shall be discussed during the annual performance appraisal and referenced in the individual's PDA. If an employee receives an overall performance appraisal rating of "does not meet expectations", a CAP is required and disciplinary action may be initiated.

The supervisor shall refer to the NCDOT Disciplinary Action Policy and Procedures when initiating disciplinary action to address unsatisfactory job performance or unacceptable personal conduct.

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION

PERFORMANCE PAY DISPUTE RESOLUTION
POLICY & PROCEDURES

TABLE OF CONTENTS

PERFORMANCE PAY DISPUTE RESOLUTION POLICY & PROCEDURES

I. GENERAL STATEMENT

The North Carolina Department of Transportation is committed to the fair and impartial treatment of all its employees. We encourage open and honest communication consistent with the development of effective working relationships necessary for the resolution of problems that may arise. These Performance Pay Dispute Resolution Procedures are intended to enhance communication between employees and management and bring about the prompt, efficient and fair resolution of contested performance evaluations and pay disputes.

II. DEFINITIONS

Performance pay dispute: A complaint by an employee concerning either their overall performance rating or their failure to receive a performance pay increase.

Employee: Any individual hired by the Department of Transportation who has successfully completed an initial probationary period.

Final agency decision: A decision in writing by the Secretary of Transportation or his designee.

Business unit manager: Division Engineer, Branch Manager, Director, Unit Head, and Section Head Level Positions

III. DISPUTE PROCESS

A. Right to File:

An employee who receives an overall performance rating of "Does Not Meet Expectations" or "Meets Expectations" will be informed of the availability of the Internal Performance Pay Dispute Resolution Procedures and the time limit for filing a dispute at the time the overall performance rating is given.

An employee who receives an overall performance rating of "Does Not Meet Expectations" or "Meets Expectations" and wishes to file a dispute must file notice of appeal within 15 calendar days of the performance review. Those employees that receive an overall performance rating of "Meets Expectations" will have no action taken on their appeal unless there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations".

An employee's performance pay dispute may involve a complaint concerning either their overall performance appraisal rating or their failure to receive a performance pay increase.

The employee would have the opportunity to file only one dispute in which these issues would be addressed at the same time.

An employee has the right to file a performance pay dispute without fear of retaliation.

B.   Employees Eligible:

Any employee that is not in a probationary status is eligible to pursue an appeal under these procedures.

C.   Filing Requirements:

Step 1: The employee shall discuss their dispute with their supervisor. To appeal the supervisor's decision, the employee shall have 15 calendar days from the date of the overall performance rating review to file notice of appeal with the Human Resources Employee Relations Manager at 1519 Mail Service Center Raleigh, 27699-1519. The notice of appeal must state in writing the exact basis of the performance pay dispute.
(See Appendix A for Performance Pay Dispute Procedure Estimated Timeline)

Step 2: The Human Resources Employee Relations Manager shall acknowledge receipt of the employee's written dispute within seven calendar days from the date the letter is stamped received in their office. By copy of the letter, the employee's dispute will be referred to the Business Unit Manager to resolve the matter internally if at all possible.

Step 3: The business unit manager will investigate the dispute, and facilitate the discussion with the employee and the supervisor. The business unit manager will respond back in writing to the employee within 10 calendar days of receipt of the notification letter from the Human Resources Employee Relations Manager. The business unit manager's response to the employee shall include a copy to the Human Resources Employee Relations Manager.

Step 4: If the employee still wishes to appeal their overall performance rating through a formal dispute, the employee shall file a second formal notice of appeal in writing to the Human Resources Employee Relations Manager within 10 calendar days from the date of receipt of the business unit manager's response to employee's initial dispute as stated in Step (3).

Step 5: The Human Resources Employee Relations Manager shall acknowledge receipt of the employee's written dispute within seven calendar days from the day the letter is stamped received in their office. If the employee is disputing a "Meets Expectation" rating, this letter will also remind them that there will be no further action taken on their appeal unless there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations".

<u>Step 6:</u> The mediation process shall be initiated by an employee relations representative upon receipt of the written dispute and shall be completed within 10 calendar days. When mediation results in a resolution of the dispute, parties shall sign a Mediation Agreement. In situations where mediation does not produce agreement, the dispute hearing procedure shall be initiated.

D. **Dispute Hearing Procedures:**

The Human Resources Director or designee has the responsibility to appoint dispute committees to hear performance and pay dispute matters. The committee will consist of five permanent employees from the Department of Transportation and will include at least two non-supervisory employees as members. Participation on a dispute committee is considered a priority matter. Accordingly, work schedules and workloads should be rearranged to accommodate this important function.

The employee may disqualify up to two of the initial members of the dispute committee. Each disqualified committee member will be replaced with another employee (supervisor or nonsupervisory as required) so as to ensure the integrity of the committee mandated by these procedures. The employee will be notified in writing of the identity of committee members at least 15 calendar days prior to the hearing date. A written response must be received at least seven calendar days prior to the hearing date concerning any committee members to be disqualified. The employee may exercise this option only once. If the response is not received within this time limit, the dispute committee is considered acceptable to all parties concerned.

The Human Resources Director or designee has the responsibility to establish dates, times, and locations for dispute hearings under these procedures.

1. The location will be established within reasonable proximity to the employee's work place so as to reduce travel.

2. Attorneys are not permitted to participate at a hearing in any capacity. Employees represent themselves. If an employee chooses not to appear at the hearing, the dispute shall be considered administratively closed.

3. The employee will be allowed up to a total of eight hours of administrative leave from regular duties as reasonable and necessary for the preparation and processing of a dispute. The Human Resources Director or designee will make the determination as to time considered necessary and reasonable.

4. The Human Resources Office will provide assistance to managers and employees who request information and assistance in the preparation of a dispute under these procedures.

5. Reasonable accommodations will be provided to any employee having any impairment necessitating such a service.

6. Managers and employees are permitted to have no more than five witnesses each. Requests for witnesses must be received by the Hearings Office at least 15 calendar days prior to the date of the hearing. If either party determines that additional witnesses are needed, a written justification must be submitted to the Human Resources Director or designee for approval.

7. Administrative leave for time away from work and transportation to and from the location of the hearing will be afforded the employee, management's representatives and witnesses who are Department of Transportation employees.

Note: The Hearings Office or designee shall be responsible for facilitating and coordinating all arrangements for the dispute hearings process.

IV. RULES OF ORDER FOR CONDUCTING DISPUTE HEARINGS

The Committee Chair will call the meeting to order and read an opening statement defining the purpose of the dispute hearing. The Chair will introduce the committee, the employee, management's representatives and any witnesses. Following a statement defining the nature of the dispute and procedures to be followed, witnesses will be excused until called to testify. The Chair will state that this is a fact-finding committee that will hear evidence from both sides according to the following procedures:

A. The Chair will instruct everyone that they are not to discuss the case with anyone outside the hearing room.
B. Each side will present its own case. The employee presents his/her case first, and then management's representative will present its case.
C. Each side will be permitted to call witnesses and present documents or other evidence relevant to the issue. Any question concerning admissibility of evidence or testimony will be determined by the Chair.
D. The employee or management's representative may be called as a witness.
E. Witnesses may be cross-examined following their testimony.
F. Witnesses may be subject to recall if there is any question or fact that needs to be clarified.
G. Each side will be allowed both an opening and closing statement to be presented by the employee and management's representative in that order.

After all evidence and testimony have been presented, the Chair will adjourn the hearing. The committee then retires to deliberate in executive session. In closed executive session, the Dispute Committee will reach a recommendation by majority vote rather than unanimous vote. As necessary to the issues, the Chair can allow discussion prior to such a vote. It should be recognized that the burden of proof rests with the employee to show that policy and procedures were not followed or that he/she was treated unfairly or inequitably in the performance pay evaluation. The Committee Chair shall prepare a written recommendation consistent with testimony, evidence received, and the committee's vote. This recommendation should be submitted to the Secretary of Transportation or designee within 15 calendar days of the hearing date.

The Secretary of Transportation or designee will review the committee's recommendation in order to formulate a written decision to the employee. The committee's recommendation may be accepted or modified. The Secretary or designee may choose to review any evidence or meet with the management representative or employee prior to reaching a decision. After reviewing the committee's recommendation, the Secretary or designee shall render a final decision. The Secretary's decision shall be provided to the employee within 15 calendar days of receipt of the committee's recommendation. Otherwise, the committee's recommendation is considered binding.

The Secretary's decision is final and may not be appealed.

V.   MODIFIED PERFORMANCE APPRAISAL RATINGS

If at any time during this process, the employee and the business unit manager agree that the performance appraisal rating should be changed, the business unit manager is responsible for the following:

- The original Performance Dashboard and Appraisal must be removed from the employee's file and destroyed
- A modified Performance Dashboard and Appraisal with the new rating is placed in the employee's file that the employee and supervisor must sign.
- The appraisal rating must be changed in the Beacon system and a printout of that revision must be provided to the employee.

Appendix A

Performance Pay Dispute Resolution Procedures Estimated Timeline

Day Zero
Overall performance rating discussed between immediate supervisor and employee.

Day Zero to 15
Employee is not satisfied with overall rating and raises complaint with supervisor.

Day 15
Appeals of the supervisor's decision must be in writing to the Human Resources Employee Relations Manager within **15 calendar days** of the overall performance rating discussion; request must state in writing the exact basis of the dispute.

Day 22 +/-
Human Resources Employee Relations Manager acknowledges receipt of the dispute letter within **seven calendar days** from the day the letter is stamped received. This acknowledgement letter will refer the employee to resolve the matter internally with the business unit manager if at all possible. (The Human Resources Employee Relations Manager will e-mail the Business Unit Manager and their Personnel Tech to give them the head's up that the dispute letter is coming, and will also provide form letter language to use in the Business Unit Manager's letter that provides the employee the next step in the process).

Day 32 +/-
Following a facilitated discussion between the supervisor and the employee, the Business Unit Manager will respond back in writing with a decision for the employee within **10 calendar days** of the receipt of the notification letter from the Human Resources Employee Relations Manager.

Day 42 +/-
Following receipt of the Business Unit Manager's decision, the employee may still wish to file a dispute request. A second appeal must be sent to the Human Resources Employee Relations Manager within **10 calendar days** from the date of receipt of the Business Unit Manager's response to the employee's initial request and it must state in writing the exact basis of the dispute.

Day 49 +/-
Upon receipt of a written dispute, the Human Resources Employee Relations Manager shall acknowledge receipt of the dispute within **seven calendar days** from the day the letter is stamped received in the their office. If the employee is disputing a "Meets Expectation" rating, this letter will also remind them that there will be no further action taken on their appeal unless there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations".

Day 59 +/-
The mediation process shall be initiated by an employee relations representative upon receipt of the written dispute or upon the date that it is determined that there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations" and shall be completed within **10 calendar** days. If mediation does not produce an agreement, the dispute hearing procedure will be initiated.

TALENT MANAGEMENT TEAM

Recommendations for PDA Process for all NCDOT
Employees

Presented to Leadership Team

May 1, 2008

Recommendations for PDA Process for All NCDOT Employees

1. <u>**The PDA form approved for the top 150 leadership positions will be used for all employees.**</u>

    There are several advantages to taking this approach:

    - All NCDOT employees will be participating in a results-based system.
    - All NCDOT employees will be able to link what they achieve to the Department's goals.
    - Supervisors will be able to ensure their employees are working on the things that affect their own metrics which ultimately affects the organization's dashboard.
    - All NCDOT employees are of equal importance to the organization and should be treated the same.
    - Using one form and one process will be less confusing.
    - Eliminates the need to provide training on two separate systems.

2. <u>**All employees will fit in one of three categories.**</u> Sections A, B and D of the PDA will be the same for all employees. Each category will have a unique Section C.

Category	Section A	Section B	Section C	Section D
(1) <u>**Leadership**</u>: Top 150 positions	Performance Metrics	Values	Leadership Competencies	Year-end appraisal
(2) <u>**Supervisory**</u> : All other supervisory positions	Performance Metrics	Values	Supervisory Competencies	Year-end appraisal
(3) <u>**Individual Contributor**</u>: Non-supervisory positions	Performance Metrics	Values	Individual Contributor Competencies	Year-end appraisal

3. <u>**Metrics for all three categories will be results-focused.**</u> Measurable performance metrics will be used for all employees where applicable rather than subjective type metrics. This will be reinforced in our training. It is recognized that individual contributors may have some metrics that are difficult to measure in numbers and may require subjective type measures and targets, but this should be kept to a minimum. NCDOT annual audits of the performance management process should detect any significant regression from results-focused measures to subjective type measures.

4. <u>**Within the three categories, some roles can be "grouped" to develop standard performance measures, targets and weights for consistent statewide use.**</u> Each section Director will have the responsibility of determining if there are classifications within his/her area that should be grouped. For example, within the Operations Section, the Director of Field Operations will determine what classifications should be grouped, and will establish focus groups to develop the metrics.

An example of a grouped classification in Operations would be a Transportation Worker in Division Traffic Services. The TW in Division 1 Traffic performs basically the same duties as a TW in Division 14 Traffic. The Director of Field Operations may determine that the PDA for all TW's in Traffic Services should have the same performance measures. If so, he would assign a work group to include several supervisors within the Division operations to develop a PDA to be used by all Division TW's in Traffic

<u>Some other examples of probable grouped classifications:</u>

Transportation Supervisors	Division Business Officers
District Engineers	Engineering Technicians
County Maintenance Engineers	Right of Way Agents
Resident Engineers	Driver License Examiners
Division Personnel Technicians	Law Enforcement Agents

Grouped classifications are positions that have several employees responsible for the same outcomes. This "grouping" process has already been done with the top 150 positions (Division Engineers and Assistant Division Engineers). It is important to note that with some performance measures, targets and weights may vary based on geographical differences or workload, and that decision should be made by each Division manager or Director.

5. <u>Develop a metrics warehouse with an "owner" to ensure it is kept up-to-date and maintained.</u> This would be a central database that managers would go to and choose metrics that apply to a particular position. The manager would not have to "reinvent the wheel" or write a measure that someone else has already written. This metrics warehouse would ensure that employees across the state who perform the same function are measured consistently.

   For example, a PDA for an Office Assistant IV in a District Office may include performance measures for payroll entry, invoices processed, correspondence preparation, and customer service. These same performance measures may be common to an Office Assistant in Roadway Design. In addition to these common measures, each of these Office Assistants would likely have one or more measures that would be related specifically to their business unit.

6. <u>Next steps: Following approval of these recommendations, this process must be communicated to the appropriate leadership positions, who will be charged with defining the grouped roles within their respective areas, establishing focus groups, and developing metrics for those roles.</u> Members of the PDA work group will be available to provide direction to the focus groups. A recommended deadline of August 15, 2008 shall be established for having metrics finalized for the "grouped" roles, to allow sufficient time for managers to begin preparing for the October 1, 2008 PDA pilot program.

Definitions:

Performance metric: a measurable outcome, results expectation, consists of a measure, target & weight

Performance measure: the "yardstick" used to determine results achieved - how the outcome will be measured.

Target: the level of achievement that represents "meets expectations," usually expressed as a range.

Weight: represents the importance of each metric relative to the others, expressed as a percentage.

Grouped classification: classification that consists of several employees responsible for the same outcomes.

Examples of measurable performance metrics:

Results Expectations		
Measure	**Target**	**% Weight**
% projects completed on time and on budget	70 – 80%	20
% projects meeting sedimentation and erosion control and permit compliance standards	75 – 88%	10
Number of oversize/overweight permits processed per day	30 – 40	40

Examples of subjective metrics (outcomes that may be difficult to measure or don't make sense to measure with numbers):

Results Expectations		
Measure	**Target**	**% Weight**
Payroll entered	Completed per standard operating procedures, on time, minimum errors	20
Correspondence prepared	Completed on time, minimum errors	10
Customer service provided	Minimum complaints received	40

PERFORMANCE DASHBOARD & APPRAISAL

Section A. Performance Metrics

Performance Cycle Date:

| **Name:** | | **Unit/Section:** | |
| **Classification/Title:** | | **Supervisor's Name:** | |

NCDOT Goals: (1) Make our transportation network **safer.** (2) Make our transportation network move people and goods **more efficiently.** (3) Make our infrastructure **last longer.** (4) Make our organization a place that **works well.** (5) Make our organization a **great place** to work.

Enter NCDOT Goal (1-5 above)	Results Expectations)			Progress Review Actual Results			Year End		
	Measure	**Target**	**% Weight**	**Review Date:** ___	**Review Date:** ___	**Review Date:** ___	**Actual Results**	**Number Rating** *1, 2, 3	**Weighted Rating** % Weight x No. Rating
		Total % must = 100	100%					**Combined Weighted Rating =**	

Sum of % weights that received a number rating of "1" at year end

*Number Rating Key:

1 = Does not meet expectations
2 = Meets expectations
3 = Exceeds expectations

Beginning of performance cycle: Signatures indicate supervisor and employee have discussed performance metrics, NCDOT values and leadership competencies.

| Supervisor's signature: | | Title: | | Date: | |
| Employee's signature: | | Date: | | | |

PERFORMANCE DASHBOARD & APPRAISAL

Section B. NCDOT Values

Supervisor's Instructions:
At the end of the performance cycle, check "YES" or "NO" as to whether the employee adhered to each value during the performance cycle. If "NO" is checked, a description of the non-adherence must be provided in the "Comments" column.

Values (Behavioral Expectations)	Adhered to Value?		Supervisor's Comments
	YES	**NO**	
Safety: We strive for safety throughout our transportation networks as well as in our work and our daily lives.	☐	☐	
Customer Service: We respond to our customers, both internal and external, in an open, professional and timely manner.	☐	☐	
Integrity: We earn and maintain trust by responsibly managing the state's assets, acting ethically, and holding ourselves accountable for our actions.	☐	☐	
Diversity: We draw strength from our differences and work together in a spirit of teamwork and mutual respect.	☐	☐	
Quality: We pursue excellence in delivering our projects, programs, services and initiatives.	☐	☐	

PERFORMANCE DASHBOARD & APPRAISAL

Section C. Leadership Competencies

1. At the end of the performance cycle, rate each of the 9 competencies as to how effectively the employee demonstrated the competency during the performance cycle, using the rating key.
2. Check at least 3 of the 57 behaviors that may be considered as development opportunities for the employee.

Rating key:	1 = Needs Work	2 = Does Well	3 = Role Model	N/O = Not observed	N/A = Not applicable to the role	Check at least 3 Development Opportunities
Rating	Competencies		Behaviors			
☐	1. Self-Management		1.	Models high standards of honesty and integrity.		☐
			2.	Manages time wisely focusing on leadership activities and priorities.		☐
			3.	Addresses issues when they arise before they get out of hand.		☐
			4.	Is open to new approaches and re-evaluates own position when necessary.		☐
			5.	Promotes ethical practices in all organizational activities.		☐
			6.	Demonstrates resilience by responding constructively to change and setbacks.		☐
			7.	Maintains a professional demeanor in stressful situations.		☐
			8.	Takes initiative		☐
☐	2. Leading People		9.	Inspires, motivates and leads others toward goal achievement.		☐
			10.	Communicates ideas and facts in a clear and persuasive way.		☐
			11.	Delegates responsibility along with authority to take action.		☐
			12.	Treats all individuals fairly with sensitivity and respect.		☐
			13.	Listens and shows understanding of what others are saying.		☐
			14.	Creates work environment that is attractive to employees and applicants.		☐
			15.	Exemplifies NCDOT values through own behavior		☐
			16.	Creates a climate in which everyone is respected and recognized for their contributions.		☐
☐	3. Results Focus		17.	Sets clear performance expectations for self and team.		☐
			18.	Works to fulfill customer requirements with a quality product or service.		☐
			19.	Creates a climate in which candid feedback is both sought and given frequently.		☐
			20.	Quickly addresses employees whose performance does not meet expectations.		☐
			21.	Focuses on results and measuring attainment of outcomes.		☐
			22.	Makes wise use of technology to enhance productivity.		☐
☐	4. Strategic Focus		23.	Builds a shared vision with others.		☐
			24.	Influences others to translate vision into action.		☐
			25.	Anticipates and addresses potential threats and opportunities.		☐
			26.	Applies a long-term perspective when developing strategic plans and priorities.		☐
			27.	Develops business plans that ensure sustainability and support NCDOT's long-term vision.		☐
			28.	Adjusts strategic plans to address changing internal and external conditions.		☐
☐	5. Managing Change		29.	Motivates people to embrace needed change.		☐
			30.	Creates a work environment that encourages creative thinking and innovation.		☐
			31.	Takes necessary action to implement innovative new approaches, services, & capabilities including eliminating impediments to change.		☐
			32.	Redesigns work processes, organizational structures and procedures when a change is necessary.		☐
			33.	Creates an environment where learning and developing new skills are part of day-to-day work.		☐

PERFORMANCE DASHBOARD & APPRAISAL

Rating key:	1 = Needs Work	2 = Does Well	3 = Role Model	N/O = Not observed	N/A = Not applicable to the role	Check at least 3 Development Opportunities
Rating	**Competencies**	**Behaviors**				
	6. People Management	34. Promotes the use of effective employee development practices (e.g., career development planning, coaching and mentoring, performance management, etc.				☐
		35. Ensures policies are applied correctly and in a consistent manner.				☐
		36. Ensures the organization follows practices for recruiting and retaining a high performing workforce with a range of viewpoints and backgrounds.				☐
		37. Does not show favoritism.				☐
		38. Acts to address anticipated staff changes (e.g., retirement, promotion, turnover, etc.) so that productivity is not lost.				☐
	7. Financial Management	39. Develops and manages budgets for projects, programs, services, and initiatives to ensure cost-effective resource use while minimizing cost overruns.				☐
		40. Makes sound decisions on budget expenditures, including salaries, equipment, supplies, and services.				☐
		41. Forecasts and persuasively communicates future budget needs.				☐
		42. Sets priorities so that sufficient resources are devoted to the most critical needs.				☐
		43. Develops financial strategy to allocate resources in alignment with mission and goals.				☐
	8. Collaboration/ Partnering	44. Anticipates and acts to prevent destructive conflict situations.				☐
		45. Manages conflicts so the work gets done with minimal disruption and without compromising future collaborative relationships.				☐
		46. Builds trust and open communication among team members.				☐
		47. Collaborates across organizational boundaries to deliver projects, programs, services, and initiatives.				☐
		48. Collaborates with external partners to deliver projects, programs, services, and initiatives.				☐
	9. Problem Solving and Decision Making	49. Acts based on broad knowledge of programs, projects, services, and initiatives throughout NCDOT.				☐
		50. Works to overcome barriers to partnering.				☐
		51. Acts decisively when quick action is required, even in uncertain situations.				☐
		52. Makes difficult or unpopular decisions when necessary.				☐
		53. Tackles problems with a clear perception of organizational and political reality.				☐
		54. Takes calculated risks to achieve recognized benefits.				☐
		55. Finds resourceful solutions when traditional approaches don't work.				☐
		56. Makes decisions based on data rather than intuition.				☐
		57. Quickly grasps the essence of new information.				☐

Supervisor's Comments:

1. At the end of the performance cycle, provide comments concerning the employee's development progress during the performance cycle.

2. During the performance review, discuss with the employee the development opportunities checked. Development opportunities which are not listed above may also be addressed. Choose at least one development opportunity to focus on during the next performance cycle and consider preparing an Individual Development Plan.

Section D. Year-End Appraisal

1. **Transfer the sum of % weights that received a number rating of "1" (from Section A):**

    If the sum of % weights is 50% or less, go to step 2.
    If the sum of % weights receiving a rating of "1" exceeds 50%,
      the employee's performance does not meet expectations;
      go to step 4 and check "Does Not Meet Expectations".

2. **Transfer the Combined Weighted Rating (from Section A):**

Weighted Rating Scale:	
1.00 - 1.74	Does Not Meet Expectations
1.75 - 2.74	Meets Expectations
2.75 - 3.00	Exceeds Expectations

   If the combined weighted rating equals "Does Not Meet Expectations,"
     go to Step 4 and check "Does Not Meet Expectations."
   If the combined weighted rating equals "Meets Expectations" or "Exceeds Expectations", go to Step 3

3. **Describe serious non-adherence to NCDOT values (defined as an active disciplinary action).**

4. **OVERALL PERFORMANCE RATING:** Check the block that reflects the employee's overall performance rating. If there is an active disciplinary action described in Step 3, the rating achieved in Step 2 shall be lowered one level.

   ☐ Does Not Meet Expectations   ☐ Meets Expectations   ☐ Exceeds Expectations

   Supervisor's comments concerning the employee's overall performance:

5. **Next Level Supervisor Review:** Signature indicates the next level supervisor has reviewed and agrees with the employee's overall performance rating:

Next Level Supervisor's Signature:		Title:		Date:	

6. **Supervisor and employee signatures:** Signatures indicate the supervisor and employee have discussed the appraisal:

Supervisor's Signature:		Title:		Date:	
Employee's Signature		Date:			
Employee's Comments:					

Appeal rights: Employees wishing to appeal their overall performance rating of "Does Not Meet Expectations" or "Meets Expectations", must do so in writing to the Human Resources Employee Relations Manager at 1519 Mail Service Center, Raleigh, 27699-1519, within 15 calendar days of the date the employee signs this appraisal, as outlined in the Department's Performance Pay Dispute Resolution Procedures. No action will be taken on the appeal of a "Meets Expectations" unless there is a differential in the amount of pay increase between "Meets Expectations" and "Exceeds Expectations."

Talent Management Team

Performance Management Review Process

NCDOT VALUES

Presentation to Executive Committee

October 9, 2007

Objective

- Develop value statements that clearly describe the culture that NCDOT deems necessary and desirable to fulfill its mission.

Value statements are……

- What an organization stands for and what it believes in
- Behavioral expectations

Value statements should……

- be connected to organizational achievement and impact accomplishments
- guide behavior and decision-making
- inspire employees
- state what is expected
- represent management's philosophy
- serve as a cornerstone for culture-building
- serve as a benchmark for judging organizational actions and individual conduct.
- should align with the Department's mission and goals

How values fit in the performance review process…

- Values will be a part of every employee's performance appraisal.

1. An individual's performance appraisal rating may be adjusted downward if there is non-adherence to values

Note:

- Employees who achieve (or exceed) organizational goals, without compromising the values that characterize the organization, should be recognized by the organization's promotional and compensation systems.

- Employees must not be allowed to succeed within the organization if they violate organizational values.

DRAFT - NCDOT VALUES

1. **Safety:** We perform our work safely to protect the public and ourselves.

2. **Customer Service:** We respond to our customers in a professional and timely manner.

3. **Integrity:** We hold ourselves to the highest ethical and moral standards to earn and maintain trust.

4. **Diversity:** We are respectful of others.

5. **Accountability:** We hold ourselves accountable for our actions, and we manage the state's assets and resources responsibly.

6. **Quality:** We strive for excellence in delivering our projects, programs, services and initiatives.

7. **Openness:** We openly share information and coordinate actions both inside and outside the organization.

8. **Innovation:** We learn from our experiences and continuously strive to improve the way we conduct our business.

9. **Environmental Responsibility:** We are respectful of the human and natural environment.

4

What do we need from you?

- Review draft - narrow list to 5 - 6 value statements
- E-mail comments, suggestions by Friday, October 12
  (tpergerson@dot.state.nc.us)

Next steps?

- Develop final values based on feedback
- Present new values to Leadership Team for approval
- Include values in leadership PM's for pilot
- Post values on NCDOT web site with mission and goals
- Next meeting of Executive Committee - present new PM process
  to include new NCDOT Values

NCDOT SHOULD DEVELOP A NEW PERFORMANCE MANAGEMENT SYSTEM

Overview:

A revamped performance management system is necessary to better develop and motivate employees. The NCDOT Organizational Assessment diagnostic indicated that employees believe the current performance evaluation process is ineffective. One-on-one interviews and focus groups conducted by the Talent Management Team confirmed the diagnostic results. Employees expressed dissatisfaction with the current system for the following reasons:

- Key responsibilities are subjective and do not represent what employees do in their jobs every day, key responsibilities are not measurable. There is currently no goal/expectation process.
- The current rating system has lost its value. Evaluations fail to reflect true employee performance (e.g., "everyone is rated very good or outstanding"). As a result, employees have lost respect for the current system and see it as a mandated paper exercise with no reward for good performance and no consequences for bad performance.
- Managers believe the process for dealing with under performers is cumbersome, lengthy, and time consuming, and many feel the end result is not worth their efforts. Performance reviews are viewed by many as a dreaded task.
- The current system is compensation driven. There is a lack of financial or non-financial reward for employees who receive above good evaluations.

Rationale:

- 0% of employees received an overall performance rating of less than good in 2006 while 89% received overall ratings above the good level.
- Less than 1% of employees are terminated each year for performance reasons. NCDOT employees desire a system that is meaningful, useful and valued.

Program Details:

Goal Setting/Expectations:
- Key performance indicators will be objective with measurable outcomes.
- Key performance indicators will link directly to the Department's goals and vision.
- Soft skills will be included and measured. (Ex. Dependability, behavior, etc.)

Determination of Ratings:
- There will be 3 ratings: does not meet expectations; meets expectations; exceeds expectations.
-

Recognition:
- Performance Management System will include a process for timely, real consequences for under-performers to allow for disciplinary actions up to and including dismissal. (Don't know what this would look like yet)
- Good performers will be recognized in financial and non-financial ways:
  - Promotions based on performance rating

- Training opportunities focusing on personal and professional development
- Scheduled time off
- Flexible work hours
- Recognition
- Opportunities for cross-training in other areas
- Performance bonuses
- Merit based pay increases (legislative action required)

Career Development:
- Every employee will have a career development plan.
- Career development plans will include possible training avenues.

Benefits:

- Performance evaluations will be performance-based with clear expectations
- Timely, real consequences for poor performers
- Reward for good performers
- Improved employee and supervisor relationships
- Performance management system will be valued by employees and supervisors
- Increase in employee morale.

Possible Constraints:

- Office of State Personnel policies:
  The Office of State Personnel has developed a new policy for the Performance Management System process. This policy is pending approval by the State Personnel Commission. The proposed policy allows the agencies to have greater flexibility in creating their own performance management systems. The Talent Management Team will work with the Office of State Personnel to ensure our system meets the intent of OSP's policy.

- Legislative: There are currently no identified funds provided by the legislature to reward employees for good performance. While there are many non-financial rewards that can be used, the Department must work with the Legislature and Office of State Budget to identify funds to provide financial rewards as well. This is certainly one of the greater areas of concern of the work force and although it is difficult, it must be addressed.

In summary, The Talent Management Team aspires to develop a performance management system that sets clear expectations, brings value to the system, is simple to implement, provides incentive for career development, allows for both non-financial and financial rewards for good performers, and deals with under performers in a timely manner.